

THE DEPARTMENT OF STATE



Bulletin

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OFFICIAL
WEEKLY RECORD
OF
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U.S. Balance of Payments and Gold Outflow From the United States

MESSAGE OF PRESIDENT KENNEDY TO THE CONGRESS¹

To the Congress of the United States:

The gold outflow of the past 3 years has dramatically focused world attention on a fundamental change that has been occurring in the economic position of the United States. Our balance of payments—the accounting which shows the result of all of our trade and financial relations with the outside world—has become one of the key factors in our national economic life. Mainly because that balance of payments has been in deficit we have lost gold.²

This loss of gold is naturally important to us, but it also concerns the whole free world. For we are the principal banker of the free world and any potential weakness in our dollar spells trouble, not only for us but also for our friends and allies who rely on the dollar to finance a substantial portion of their trade. We must therefore manage our balance of payments in accordance with our responsibilities. This means that the United States must in the decades ahead, much more than at any time in the past, take its balance of payments into account when formulating its economic policies and conducting its economic affairs.

Economic progress at home is still the first requirement for economic strength abroad. Accordingly, the first requirement for restoring balance in our international payments is to take all possible steps to insure the effective performance of our own economic system—to improve our technology, lower our production and marketing costs, and devise new and superior products, under conditions of price stability. The real wealth of a nation resides in its farms and factories and the people who man them. A dynamic economy pro-

ducing goods competitively priced in world markets will maintain the strength of the dollar.

Thanks to our international reserves we have time, if we use it wisely, in which to strengthen our domestic economy and make it fully competitive with that of other nations. Our situation is one that justifies concern but not panic or alarm.

In my message on February 2,³ I dealt with the measures for reviving our domestic economy. The steps I now propose will strengthen our dollar position and insure that our gold reserves are employed effectively to facilitate the commerce of the free nations and to protect the stability of their currencies. Because these steps supplement the policies for strengthening our domestic economy, and because we can take them calmly and deliberately, they are not for that reason any less important or less urgent. Those that are within the present authority of the Executive will be the subject of vigorous action. Where action by the Congress is required I urge early consideration and approval.

For the past decade our international transactions have resulted in a deficit—payments that were in excess of receipts—in every year except that of the Suez crisis, 1957. The surplus of our exports over our imports, while substantial, has not been large enough to cover our expenditures for United States military establishments abroad, for capital invested abroad by private American businesses, and for Government economic assistance and loan programs. All of these outlays are essential. Our military establishments in foreign countries protect the national security. Private investment promotes world economic growth and trade and, through the return of profits to our

¹ H. Doc. 84, 87th Cong., 1st sess.; transmitted on Feb. 6.

² For background, see BULLETIN of Dec. 5, 1960, p. 860.

³ H. Doc. 81, 87th Cong., 1st sess.

country, will strengthen our balance of payments in future years. Our economic assistance programs, much the smallest of these three items in its effect on payments balance, is vital in the continuing struggle against tyranny and oppression, and the poverty on which they feed.

Over the period 1951 to 1957 the deficit in our balance of payments averaged about \$1 billion annually. These did not result in a net outflow of gold from the United States; foreign monetary authorities, banks, and private individuals held these earnings as dollars or claims on dollars. Thus our gold reserves were \$22.8 billions at the end of 1950 and \$22.9 at the end of 1957. But during these years the dollar holdings by foreign countries increased from \$8.4 billion at the end of 1950 to almost \$15 billion at the end of 1957.

These earlier deficits in our balance of payments were, in fact, favorable in their world effect. They helped to restore foreign monetary systems by enabling foreign countries to earn the dollars which they needed to rebuild their international reserves. They made it possible for the industrialized countries of Western Europe to restore the convertibility of their currencies, thus freeing world trade and payments from exchange control. This was of benefit to the export trade of the United States. However, this growth in foreign dollar holdings placed upon the United States a special responsibility—that of maintaining the dollar as the principal reserve currency of the free world. This required that the dollar be considered by many countries to be as good as gold. It is our responsibility to sustain this confidence.

In 1958 and 1959 the deficit in our balance of payments sharply increased—to \$3.5 billion in 1958 and to \$3.8 billion in 1959. This came about mainly because of lagging exports and rising imports. There was no significant increase in our outlays for military expenditures, private investment, or Government economic assistance. However in these years, unlike the period 1951–57, the deficit resulted in large transfers of gold to foreign accounts as well as a further increase in foreign dollar holdings. For the 2 years together, 1958 and 1959, gold transfers to foreign accounts were \$3.0 billion while foreign dollar holdings by foreign countries increased by another \$4.3 billion. These gold transfers did not make the underlying

balance of payments fundamentally worse. They did reflect a decision by foreigners to take more of their earnings in gold and to hold less in dollars.

Last year, 1960, the surplus of our exports of goods and services over our imports increased from \$2.2 billion in 1959 to \$5.8 billion. This was caused, principally, by an increase—amounting to more than \$3 billion—in our exports. This once more reduced what may be called our basic deficit—it was only about \$1.5 billion for the year. However, during 1960 there was a large movement abroad of short-term capital. Favorable interest rates abroad, a high rate of growth, and good investment prospects in Europe and some speculative fears concerning the future value of the dollar all played a part. It is estimated that this outward flow of short-term funds was between \$2 and \$2.5 billion, and this was the crucial factor in raising the overall deficit to \$3.8 billion. Of this, \$1.7 billion were transferred in the form of gold and \$2.1 billion took the form of increased foreign dollar holdings.

An outward movement of short-term funds such as that which occurred in 1960 should not be considered a part of the basic deficit. Such movements are quickly reversible in response to changes in interest rates and other business factors here and abroad. Moreover, insofar as short-term funds transferred to foreign financial centers consist of U.S.-owned capital, they create U.S. claims against the recipient country. In the new era of convertible currencies upon which we have entered, we may expect that short-term money will continue to flow back and forth. I have requested the Secretary of State and the Secretary of the Treasury to work for still closer cooperation between the monetary and financial authorities of the industrialized free nations with a view toward avoiding excessive short-term money flows which could be upsetting to the orderly development of international trade and payments.

In sum our basic deficit of \$1.5 billion is of manageable proportions. And it is this basic deficit which affects the real strength of our currency. But the time has come to end this deficit. It must be ended by responsible, determined, and constructive measures.

There are other factors which lend basic support to our monetary and financial position. Our gold reserve now stands at \$17.5 billion. This is

more than 1½ times foreign official dollar holdings and more than 90 percent of all foreign dollar holdings. It is some two-fifths of the gold stock of the entire free world.

Of this \$17.5 billion, gold reserves not committed against either currency or deposits account for nearly \$6 billion. The remaining \$11.5 billion are held under existing regulations as a reserve against Federal Reserve currency and deposits. But these, too, can be freed to sustain the value of the dollar; and I have pledged that the full strength of our total gold stocks and other international reserves stands behind the value of the dollar for use if needed.

In addition, the United States has a quota in the International Monetary Fund of \$4.1 billion. This can be drawn upon if necessary and our access to the Fund's resources must be regarded as part of our international reserves.

Finally, beyond its liquid international reserves, the Government and citizens of the United States hold large assets abroad. Western European countries whose currencies are now strong owe us long-term governmental debts of \$2.9 billion. Our private short-term assets abroad now are estimated at \$4½ billion. Our long-term private investments in foreign countries—including both plants owned directly by American companies and securities of foreign business and governments owned by Americans—total over \$44 billion, exceeding foreign investments in the U.S. economy by some \$28 billion. In any reckoning of international assets and liabilities, the United States has a strong solvent position.

In short, powerful resources stand behind the dollar. Our gold and monetary reserves are large; so are the physical and monetary assets we hold throughout the world. And, in the years ahead, if the program I previously outlined is pursued, the dollar will have the added strength of the reviving power of the American economy itself.

Certain firm conclusions follow:

1. The United States official dollar price of gold can and will be maintained at \$35 an ounce. Exchange controls over trade and investment will not be invoked. Our national security and economic assistance programs will be carried forward. Those who fear weakness in the dollar will find their fears unfounded. Those who hope

for speculative reasons for an increase in the price of gold will find their hopes in vain.

2. We must now gain control of our balance-of-payments position so that we can achieve overall equilibrium in our international payments. This means that any sustained future outflow of dollars into the monetary reserves of other countries should come about only as the result of considered judgments as to the appropriate needs for dollar reserves.

3. In seeking overall equilibrium we must place maximum emphasis on expanding our exports. Our costs and prices must therefore be kept low; and the Government must play a more vigorous part in helping to enlarge foreign markets for American goods and services.

4. A return to protectionism is not a solution. Such a course would provoke retaliation; and the balance of trade, which is now substantially in our favor, could be turned against us with disastrous effects to the dollar.

5. The flow of resources from the industrialized countries to the developing countries must be increased. In all that we do to strengthen our balance of payments, we must be especially mindful that the less-developed countries remain in a weak financial position. Help from the industrialized countries is more important than ever; we cannot strengthen our balance of payments at the expense of the developing countries without incurring even greater dangers to our national security.

6. The United States must take the lead in harmonizing the financial and economic policies for growth and stability of those industrialized nations of the world whose economic behavior significantly influences the course of the world economy and the trend of international payments.

To carry forward these policies I propose a program for action, which may be divided into two parts. The first part describes those measures which will improve domestic monetary arrangements and strengthen international cooperation in economic and monetary policy. These measures will help us better to meet short-term demands on reserves such as those of recent years. The measures in the second group are designed to correct the persisting basic deficit in our balance of payments.

I. Measures To Ease the Short-Term Demand Problem

1. Measures to improve international monetary institutions

Increasing international monetary reserves will be required to support the ever-growing volume of trade, services, and capital movements among the countries of the free world. Until now the free nations have relied upon increased gold production and continued growth in holdings of dollars and pounds sterling. In the future, it may not always be desirable or appropriate to rely entirely on these sources. We must now, in cooperation with other lending countries, begin to consider ways in which international monetary institutions—especially the International Monetary Fund—can be strengthened and more effectively utilized, both in furnishing needed increases in reserves, and in providing the flexibility required to support a healthy and growing world economy. I am therefore directing that studies to this end be initiated promptly by the Secretary of the Treasury.

2. Use of U.S. drawing rights in the International Monetary Fund

The United States has never made use of its drawing rights under the International Monetary Fund to meet deficits in its balance of payments. If and when appropriate, these rights should and will be exercised within the framework of Fund policies. The United States will also support continued efforts in the Fund to facilitate drawings by other members in the currencies of industrialized countries whose payments positions are in surplus and whose reserves are large. This will help to reduce the burden now borne by the dollar.

3. Special interest rates for dollar holdings by foreign governments and monetary authorities

(a) The Federal Reserve Act should now be amended to permit the Federal Reserve System to establish separate maximums for rates of interest paid by member banks on time and savings deposits held in this country by foreign governments or monetary authorities (sec. 19, par. 14). This authority, when exercised, would enable American banks to make a maximum competitive effort to attract and hold dollar balances which might otherwise be converted into gold. At the same

time domestic rates, when desirable for reasons of domestic policy, could be held at a lower level. I will shortly send to the Congress a draft of the needed legislation.

(b) I have directed the Secretary of the Treasury to use, whenever it appears desirable, the authority already extended to him by the Second Liberty Bond Act to issue securities, at special rates of interest, for subscription and holding exclusively by foreign governments or monetary authorities. The exercise of this authority could provide an additional inducement to hold foreign official balances in dollars.

(c) As a final means of holding or attracting foreign dollars, the Congress should enact a measure designed to unify the tax treatment accorded the earning assets of foreign central banks. At present, income derived by foreign central banks of issue from bankers acceptances and bank deposits is exempt from tax under section 861 of the code. Income from U.S. Government securities, however, is taxable to foreign central banks in the absence of applicable tax treaty provisions or a special ruling exempting a particular bank from taxation under particular circumstances. Suggested legislation will shortly be forthcoming.

4. Prohibition on holding of gold abroad by Americans

The recent Executive order⁴ forbidding the holding of gold abroad by Americans will be maintained. It was fully justified on grounds of equity. It will also help to prevent speculation in the gold market. I am directing the Secretary of the Treasury to keep me advised on steps being taken for effective enforcement. I place everyone on notice that those few American citizens who are tempted to speculate against the dollar will not profit in this manner.

II. Measures To Correct the Basic Payments Deficit and Achieve Longer Term Equilibrium

1. Action by the Senate to approve the Organization for Economic Cooperation and Development

I earnestly request early action by the Senate approving U.S. membership in the Organization for Economic Cooperation and Development.⁵

⁴ For text, see BULLETIN of Feb. 6, 1961, p. 196.

⁵ For text of the OECD convention, see *ibid.*, Jan. 2, 1961, p. 11.

The OECD, in which the industrialized countries of Western Europe, the United States, and Canada will be joined, is of vital importance for assisting, on a cooperative basis, the developing countries of the free world. It will also provide a solid framework within which we can carry out intensive and frequent international consultations on the financial and monetary policies which must be pursued in order to achieve and maintain better balance in the international payments position.

2. Export promotion

The Department of Commerce will provide energetic leadership to American industry in a drive to develop export markets. Firms and industries will be encouraged to step up their efforts to develop exports and given every assistance in doing so. As American industry comes to realize the vital role of export earnings for our foreign policy, I have little doubt of its response.

We will promptly increase our commercial representatives and facilities abroad. This is a joint program of the Departments of Commerce and State which must proceed with drive and conviction in order to produce effective results. The budget which has already gone to Congress requests \$1,250,000 for the State Department to add 41 Foreign Service commercial attachés overseas, together with 48 experienced foreign nationals and supporting American staff.

The new budget requests will also allow an increase in overseas commercial facilities. The Commerce Department is doubling its trade mission program from 11 to 18 per year and will provide more useful information to our overseas posts. I am ordering rapid completion of our two new foreign trade centers at London and Bangkok and have requested the Departments to explore whether three more could be added next year in Africa, Latin America, and Europe.

3. Cost and price stabilization

Our export promotion efforts, no matter how well devised or energetically pursued, will not be effective unless American goods are competitively priced. Our domestic policies—of government, of business, and of labor—must be directed to maintaining competitive costs, improving productivity, and stabilizing or where possible lowering prices. Measures to achieve these ends which are important for the domestic economy are even more vital for our international competitive position. I

have already stated my intention of creating an Advisory Committee on Labor and Management Policy to encourage productivity gains, advance automation, and encourage sound wage policies and price stability.

4. Export guarantees and financing

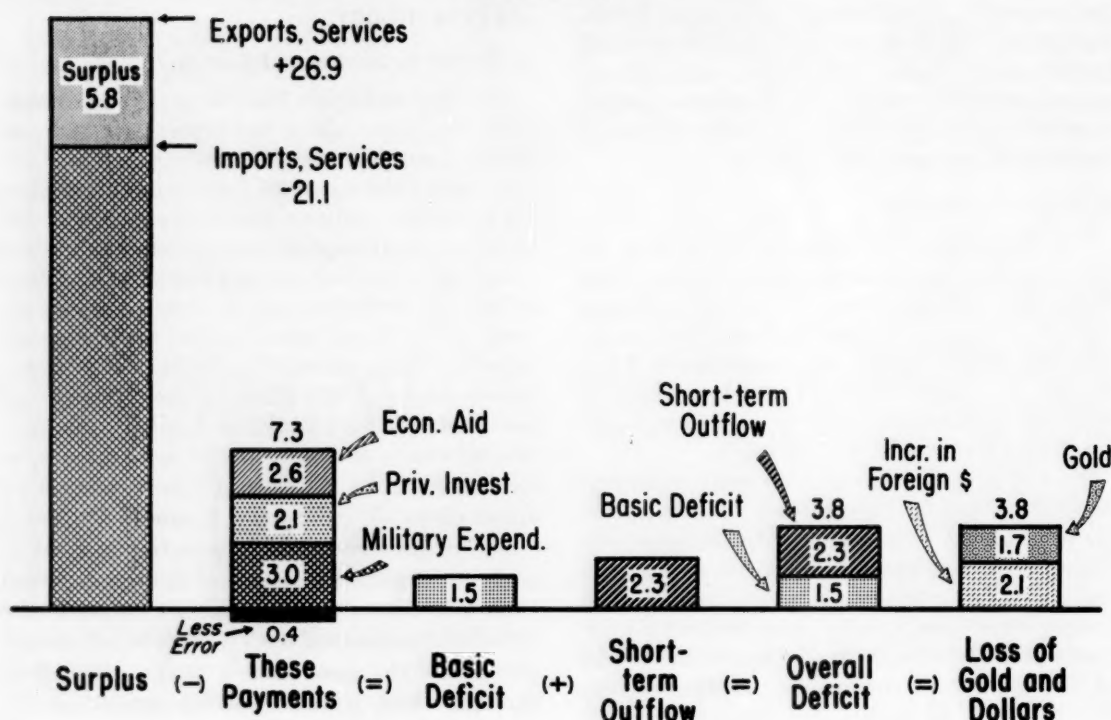
Our Export-Import Bank must play an increasingly important role in our export promotion efforts. Last year the Export-Import Bank announced a widening of the facilities which it offers for extending credit to American exporters. Despite the improvements made, these facilities are not yet adequate, nor are they comparable to those offered by foreign countries, especially those offered to small- and medium-sized exporting concerns and those offered for the financing of consumer goods. I am directing the President of the Export-Import Bank, by April 1, to prepare and submit to the Secretary of the Treasury, as Chairman of the National Advisory Council on International Monetary and Financial Problems, a new program under the Export-Import Bank to place our exporters on a basis of full equality with their competitors in other countries. Also, I have asked the Secretary of the Treasury to initiate and submit by the same date a study of methods through which private financial institutions can participate more broadly in providing export credit facilities.

5. Foreign travel to the United States

Foreign travel to the United States constitutes a large potential market hitherto virtually untapped. American travelers annually spend some \$2 billion in foreign countries. Foreign travelers only spend about \$1 billion in this country. Economic conditions in many foreign countries have improved to the point where a strong travel promotion effort by this country can be expected to yield significant results. The Department of Commerce, in cooperation with the Departments of State and Treasury, will announce shortly a major new program to encourage foreign travel in the United States along the lines envisaged in S. 3102, introduced by Senator [Warren G.] Magnuson at the last session of the Congress. This program will include the establishment of travel offices abroad; new advertising campaigns; action to simplify our visa and entry procedures for temporary visitors; and efforts to

U.S. BALANCE OF PAYMENTS, 1960

\$ Billions



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relax foreign restrictions on travel to the United States. The program will be energetically administered in the Department of Commerce. I am asking the Secretary of Commerce to report in full on plans and prospects by April 1.

6. Agricultural exports

Our agricultural industry, which is of unparalleled efficiency, must make its full contribution to our payments balance. I am directing the Secretary of Agriculture to report on all feasible and internationally desirable means of expanding our exports of farm products, and to emphasize the need for export expansion as a primary objective of our new farm programs.

7. Policy on economic assistance

Our foreign economic assistance programs are now being administered in such a way as to place

primary emphasis on the procurement of American goods. This assistance, accompanied as it is by the export of American products, does not therefore have a significantly adverse effect on our balance of payments. (Not more than 20 percent of the funds expended for economic grants, development loan assistance, technical assistance, and contributions to international organizations, which amounted to \$2.6 billion in 1960, is today available for expenditures outside the United States, and we intend to keep an even closer review of these items.) These restrictions will be maintained until reasonable overall equilibrium has been achieved. Then the United States will discuss with other capital-exporting countries the desirability of instituting common policies for worldwide procurement in the administration of economic development or assistance programs.

8. Tariffs, restrictions and discriminations against American exports

Quota discriminations against American exports have largely disappeared with the return of currency convertibility. We will press for prompt removal of the few restrictions that still exist, as well as for the maximum liberalization of remaining nondiscriminatory quotas in other industrialized countries, which apply mainly to agricultural exports. In the tariff negotiations now going forward under GATT [General Agreement on Tariffs and Trade] we shall seek the fullest possible measure of tariff reduction by foreign countries to the benefit of our exports.

9. Promotion of foreign investment in the United States

We shall press those Western European countries with strong reserve positions to eliminate the restrictions they still maintain limiting the opportunities for their citizens to invest in the United States and other foreign countries. Also, we are initiating, through the Department of Commerce, a new program to bring investment opportunities in the United States to the attention of foreign investors in the industrialized countries.

10. Abuse of "tax havens." Taxation of American investment abroad

I shall recommend that the Congress enact legislation to prevent the abuse of foreign "tax havens" by American capital abroad as a means of tax avoidance. In addition, I have asked the Secretary of the Treasury to report by April 1 on whether present tax laws may be stimulating in undue amounts the flow of American capital to the industrial countries abroad through special preferential treatment, and to report further on what remedial action may be required. But we shall not penalize legitimate private investment abroad, which will strengthen our trade and currency in future years.

11. Foreign assistance contribution to the less-developed countries and the common defense

It is indispensable that the industrialized countries of the free world join in undertaking systematic budgetary contributions for economic assistance to the less-developed countries and the common defense. These contributions should be fully commensurate with their economic and fi-

nancial positions. Some countries are fulfilling this responsibility; it is a matter of disappointment that others have not yet undertaken to do so. Such actions are important in the short run to achieve a better balance in international trade and payments. Even more important, they are essential to the continuing and effective discharge of our common responsibilities for free world security, economic growth, and stability.

12. Reduction of customs exemption for returning American travelers

After World War II, as part of our efforts to relieve the dollar shortage which then plagued the world, Congress provided for two additional increases of \$300 and \$100 in the duty-free allowance for returning travelers, for a total of \$500. The primary purpose for this change having vanished, I am recommending legislation to withdraw this stimulus to American spending abroad and return to the historic basic duty-free allowance of \$100.

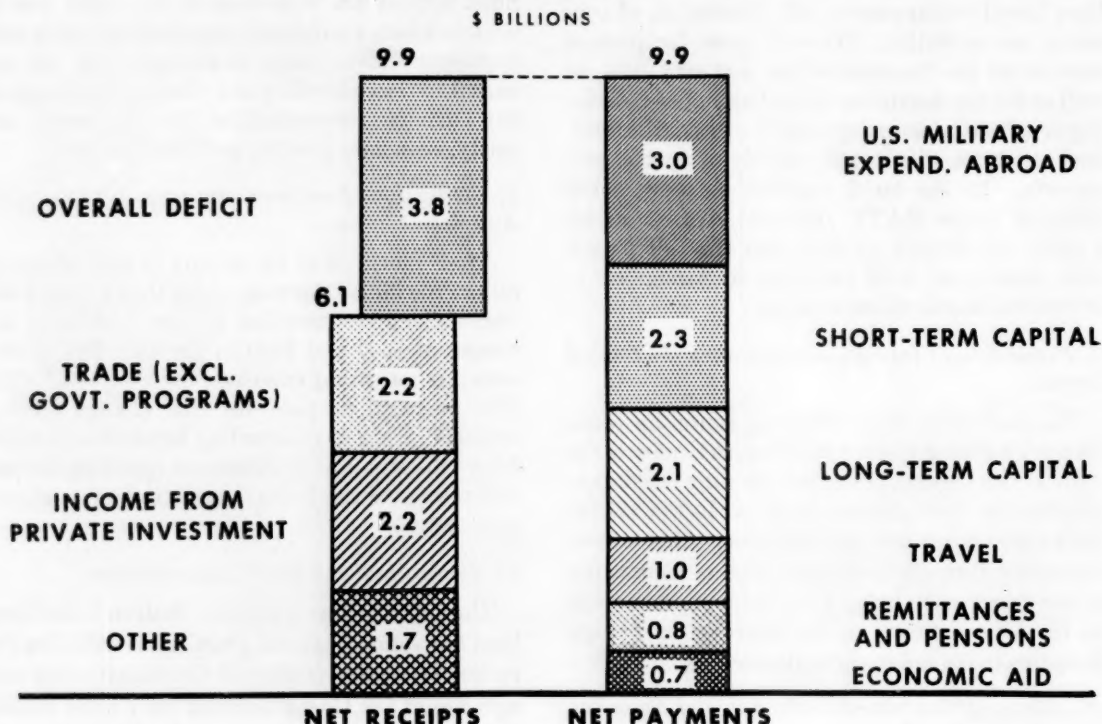
13. Centralized review of dollar outlays

Through the Bureau of the Budget, it has long been our sound financial practice to centralize the review of total spending of the departments and agencies of the Government of the United States, including their spending abroad. Under present circumstances, foreign outlays must be examined in a new perspective. Accordingly, I am instructing the Director of the Bureau of the Budget, in consultation with the Secretary of the Treasury, to develop special procedures for analyzing that part of the requests of departments and agencies for spending authority which will involve oversea outlays to insure that our budgetary decisions will be taken with full understanding of their projected impact on the country's balance of payments.

14. U.S. military expenditures abroad

National security expenditures abroad constitute one of the largest items in the outflow of dollars, amounting to about \$3.0 billion a year. We must maintain a fully effective military force wherever necessary and for as long as needed. While it is clear that we must exercise maximum prudence in our dollar outlays abroad, it has become clear that the present limitation on dependents was not the best way to accomplish this savings, and that this limitation was seriously hurting morale and re-

HOW MAIN ITEMS IN BALANCE OF PAYMENTS AFFECTED OUR DEFICIT IN 1960



NOTES:

Trade excludes exports under P.L. 480, Export-Import Bank, ICA and DLF programs.

Economic aid covers offshore expenditures of ICA and DLF.

Other includes receipts on government debt, transportation, and misc. items.

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cruitment in the Armed Forces. At the same time, the Secretary of Defense has informed me that equivalent dollar savings could be made through other measures, including limitations on expenditures abroad by military personnel for tourism and the purchase of durable consumer goods. Accordingly I have directed him to rescind the limitation on dependents and instead to put these measures into effect immediately.

I have also asked him to review the possibilities for savings in the logistic support of our forces, including the combined use of facilities with our allies. We shall also, where appropriate, urge the

purchase of the newer weapons and weapons systems by those of our allies who are financially capable of doing so. We shall continue the policy inaugurated last November^{*} of emphasizing U.S. procurement for our military forces abroad wherever practicable, even though some increased budgetary cost may be incurred. Since foreign procurement of this nature has amounted to almost \$1 billion a year, significant savings in dollar outflow can be expected—and I am asking the Secretary of Defense to report on these and the

^{*} *Ibid.*, Dec. 5, 1960, p. 860.

other savings by no later than April 1, to see if further steps are needed then.

Conclusion

These measures, combined with increasing confidence in the dollar abroad and steady economic growth at home, can cure the basic long-term deficit in our balance of payments and check the outflow of gold. They symbolize a new dimension of this Nation's foreign and domestic economic policies—a new area of difficult problems—but they are problems which can be met by forceful and timely legislative and executive action.

JOHN F. KENNEDY.

THE WHITE HOUSE, February 6, 1961.

Assistant Secretary Williams Begins Trip to Africa

The Department of State announced on February 10 (press release 64) that G. Mennen Williams, Assistant Secretary for African Affairs, plans to depart Washington February 15 on a trip to Africa of about a month's duration. He will fly direct to Addis Ababa, where he hopes to have the opportunity to meet with the delegates attending the third session of the U.N. Economic Commission for Africa. Thereafter he will visit Somalia, Kenya, Uganda, Tanganyika, Congo (Léopoldville), Congo (Brazzaville), Cameroun, Nigeria, Ghana, Ivory Coast, Liberia, and, if possible, Upper Volta.

Mr. Williams will be accompanied by Mrs. Williams and two Department officers.

The purpose of the trip is to enable Mr. Williams to meet African leaders, to gain an acquaintanceship with the peoples of their countries, and to learn firsthand of their aspirations and problems. His principal concerns will be with political and economic relations between the United States and the countries concerned and with U.S. assistance programs, especially in the field of education. He will look into the status of our embassies and consulates in the new countries and will seek opportunities to meet with American educators, businessmen, and missionaries stationed in the areas visited.

President Exchanges Greetings With EEC Commission

White House press release dated February 4

The White House made public on February 4 the following exchange of telegrams between President Kennedy and Walter Hallstein, President of the Commission of the European Economic Community, Brussels.

President Kennedy to Dr. Hallstein

FEBRUARY 2, 1961

The Honorable Dr. WALTER HALLSTEIN,
*President of the Commission of the European Economic Community,
Brussels, Belgium*

DEAR DR. HALLSTEIN: I deeply appreciate the kind expression of good wishes extended on behalf of yourself and the Commission of the European Economic Community.

It is my sincere hope that the years to come will see further steady progress toward the goals envisaged by the Treaty of Rome, an objective to which the United States will continue to lend its steadfast support.

The Government of the United States looks forward to close collaboration with the Commission of the EEC, and to the development of relationships between the European Economic Community and the United States, as well as other countries, which will redound to the benefit of the entire free world.

JOHN F. KENNEDY

Dr. Hallstein to President Kennedy

JANUARY 20, 1961

THE PRESIDENT
*The White House
Washington, D.C.*

On occasion of your assumption of office may I on my own behalf and on that of the Commission of the European Economic Community convey our warmest good wishes for the challenging years that lie ahead and for your success in tackling the manifold tasks that face us all. For our part, we look forward to a continuing, ever more fruitful friendship between the United States and the European Community.

WALTER HALLSTEIN

Secretary Rusk's News Conference of February 6

Press release 57 dated February 6

Secretary Rusk: I don't know whether to welcome you or to welcome me to my first press conference, because you are the veterans and I am the freshman here. But I have had occasion as a private citizen over the last few years to pay my respects to the press corps that is accredited here to the Department of State.

When one sees the various departments of Government look outside for panels of experts to talk about foreign policy questions, one sometimes forgets that there is here in Washington an accumulated experience which, over the years, develops a high degree of competence in such questions. One of those is in the committees of Congress. The other is in the press corps accredited to the White House and the Department of State.

Although you and we here in the Department have somewhat different responsibilities, we do have in common an obligation to do our best to keep the public informed about our foreign relations. And we want to do everything we can to carry our share of that responsibility.

I do hope to have frequent press conferences, and these, together with the President's press conferences, should be useful in keeping us informed. Mr. Tubby and Mr. White attend our regular morning meetings, with the Secretary. That means that they are able themselves to keep fully briefed on what is going on and are able to comment on policy and advise on policy from the point of view of press and public relations problems.

In addition to that there will be a considerable amount of printed background material for your information, as well as in such forms as congressional hearings, which are an invaluable source of information.

I do hope that if you find that you need some additional help, such as factual background, chronologies, or memoranda on the development of a situation which has become particularly im-

portant, you will feel free to make your wishes known to our press representatives, and, within the limits of staff time, we would be glad to be as helpful as possible.

We do plan not to rely just upon our press officers, competent as they are, but to arrange from time to time for those who are directly involved in policy to meet with the press to give them background briefings on one or another problem.

There will be times, of course, when, for good reasons—or good reasons as we see them—we may not be able to furnish detailed information on current negotiations or where valid security interests are concerned. But the duty of an alert press is to get the news, and there will be times when it will be our duty to be silent. I suppose that an inevitable, we hope a friendly, tug of war will ensue. But we shall, on our side, try not to abuse that silence, for there can be little doubt that our democracy works best when its leaders are candid.

I hope that those of you who are relative newcomers to the press corps here will feel encouraged to learn as much as you can about the operations of the Department—their range, their mass, their pace, and their complexity.

I have been told, for example, that the cable traffic of the Department of State exceeds every day the combined output of AP and UPI from Washington, D.C.

There are 12, 15, 20 international meetings going on somewhere in the world, at which the United States is represented every day throughout the year—every working day throughout the year. I gather today there are only 9, because this is somewhat of an off season. (Laughter.)

Keep your eyes on the Assistant Secretaries. They play a crucial role in the Department of State. They are the ones who are managing the affairs that are involved in our relations with vast parts of the world. They are the ones to whom information is funneled as it comes in from all

over the world. They are the ones who have to anticipate what has to be done about problems which appear on the horizon before they become critical in importance. They are the ones who have to perform some of the art of foreign policy in deciding which of these many problems need action, which of them need attention from higher authority, and which can be waited out for further developments.

You will, I hope, understand that at this stage of a new administration we are reviewing a great many questions, partly to bring individuals themselves up to date, who will be carrying responsibilities, partly because many of them are extremely complex and we need to consider whether there are any fresh approaches which ought to be brought to bear. So for these first few press conferences it is possible that I may have to answer a rather uncomfortable number of questions with the reply that, "That is under study."

I suppose that I shall have to say to some that, "I am not prepared to go into that today." That might be for a number of reasons. One of them is I may just not be prepared (laughter), and in others it may be unwise or impossible for me to enter into it at the particular point. But I pledge you that I shall do my best as we go forward.

Support for U.N. Efforts in the Congo

I should like to make a brief statement on the Congo, to try to let you get a little of the feel of what is going on and the discussions on that subject.

In his state of the Union message,¹ the President said, in regard to the Congo, that:

We shall continue to support the heroic efforts of the United Nations to restore peace and order—efforts which are now endangered by mounting tensions, unsolved problems, and decreasing support from many member states.

In recent days we have been consulting with the Secretary-General and a number of member governments to learn whether the present mandate of the United Nations can be clarified or strengthened in the hope that peace and order might return to the Congo. It would not be correct to say that we have proposed an American plan. What is needed is a United Nations plan which will bring peace, preserve the integrity of the nation, provide an opportunity for the Congolese to work

out their own constitutional and political arrangements, enlist the administrative and technical assistance needed for a viable system, and open the way for a resumption of the normal economic life of a once-productive country.

The details of these exchanges are not as important as the need for the members of the United Nations to address ourselves soberly to these central questions. The Secretary-General can do only what he is enabled to do by the responsible bodies of the United Nations which determine the basis of U.N. action. There are, as was to be expected, differences of view and approach among the members. We hope that renewed discussion can uncover elements of consensus out of which more satisfactory answers can be found.

The primary responsibility rests, of course, with President [Joseph] Kasavubu and other Congolese leaders; the United Nations is there to help. The object is an independent and united Congo, an object which cannot be achieved if disorder continues or if the Congo is drawn into rivalries which originate elsewhere. We believe that it is in the interest of the Congo as well as in the interest of other nations that the U.N. efforts succeed.

Cooperation With Latin America

Perhaps I might make a comment on our interest in development in Latin America. Because of the importance—and we shall have copies of these, I think, at the close—because of the importance we attach to Latin America, I should like to give you some of our thoughts on our approach to its problems. Perhaps my remarks will answer some of your questions about what we are trying to do in this field.

The problem in any consideration of Latin America is the tragedy exemplified by the recent history of Cuba; the earlier neglect of the aspirations of the Cuban people and the recent imposition of an alien ideology which is seeking to extend its dictatorial system to all of Latin America are parts of that tragedy. The peoples of Latin America have great and growing aspirations. I am confident that they realize, as we do, that their aspirations can best and most rapidly be fulfilled through a system based upon freedom. There can be no doubt that the Latin American nations wish to maintain their independence of foreign domination.

¹ For text, see BULLETIN of Feb. 13, 1961, p. 207.

Task Force To Coordinate Policies and Actions in Inter-American Area

On January 31 Lincoln White, Director of the Office of News, Department of State, announced that a new interdepartmental Task Force on Latin America, under the leadership of the Department of State, had been established to consider and coordinate policies and action with respect to measures for economic and social development, maintenance of peace, and handling of related matters in the inter-American area.

The membership of the Task Force is as follows:

Adolf A. Berle, *chairman*, Department of State
Theodore C. Achilles, Special Assistant to the Secretary of State, Department of State
Thomas C. Mann, Assistant Secretary for Inter-American Affairs, Department of State
John M. Leddy, Assistant Secretary for International Affairs, Department of the Treasury
Lincoln Gordon, *consultant*, Harvard University
Haydn Williams, Deputy Assistant Secretary for International Security Affairs, Department of Defense

Representatives of other departments and agencies are to be added as specific situations require.

The orderly progress in the solution of the basic economic problems of the hemisphere will be enhanced by the growth in the American Republics of the type of institutions which flourish under representative democracy. We are prepared to cooperate actively with the other American states to end tyranny, whether of the left or right, and to strengthen the economic and social bases of democracy. We are encouraged by the growing realization of the dangers of accepting the alien answer and of the need for a cooperative approach to the issues. These are hemispheric problems, and they require a hemispheric solution.

The efforts of the Latin Americans to mobilize their own material and human resources are essential to the success of the cooperative effort called for under the far-reaching new commitments of the Act of Bogotá.² President Kennedy has recommended that the United States Congress appropriate \$500 million as evidence of the deep concern of the United States and a manifestation of our willingness to cooperate in this self-help effort of the Latin American Republics. More-

over, we will continue to assist the economic development efforts of our sister Republics of the hemisphere with technical assistance and capital investment.

The resources, both human and material, which the inter-American community can bring to bear on the development of this hemisphere are immense. While substantial amounts of what is commonly called "aid" will be necessary, we think of the problem less as one of aid than of accelerated development. What we are seeking is a major cooperative effort of all of the Americas to accelerate economic and social development to meet the legitimate aspirations of millions of people for opportunity to share in a better life—through mobilization of all resources, domestic and foreign, public and private, which can be made available for this purpose. Among the most promising activities is the growing scientific and technical exchange among the Latin American countries themselves.

We are in the fortunate position of having in existence a number of agencies already experienced in meeting various aspects of this problem. In addition to the international agencies, particularly the World Bank and the International Monetary Fund, our own Export-Import Bank, International Cooperation Administration, Development Loan Fund, Department of Agriculture, and other Federal agencies, as well as private foundations, voluntary groups, and business enterprises, are all making a substantial contribution toward the economic and social well-being of the hemisphere. However, in the new cooperative approach toward the self-help efforts called for by the Act of Bogotá, the uniquely inter-American agencies—the Inter-American Development Bank, the Inter-American Economic and Social Council, the Pan American Sanitary [Health] Organization, and specialized agencies of the Organization of American States—are expected to play an increasingly important role. Full and coordinated use must be made of the knowledge, experience, and facilities of all of the agencies available.

The importance which this administration attaches to these and other hemispheric problems is reflected by the establishment of the special Interdepartmental Task Force under the leadership of Mr. Adolf Berle. It will be the work of this especially well-qualified group to give intensive attention to the problems of the area in order that

² For text, see *ibid.*, Oct. 3, 1960, p. 537.

they can be translated into opportunities for constructive action.

And of course our efforts in this area are affected by the work which is now going on to consider ways and means of reorganizing and rationalizing our various aid and investment programs in the interest of maximum effective efficiency.

Nuclear Test Negotiations

One final comment before we turn to questions. You have been informed that the Government of the Soviet Union has agreed to the proposed date of March 21 for the resumption of negotiations on nuclear testing.³ We are glad to be able to say that we shall have the assistance of Mr. Arthur H. Dean as our principal negotiator. Mr. Dean is well known to you and to the public as a distinguished lawyer and as an able and experienced negotiator. His most recent contribution in this role was in connection with the Law of the Sea Conference. He will join Mr. McCloy⁴ and his group to prepare himself for the forthcoming talks.

We were very privileged this morning to have the President drop in on the Secretary's morning staff meeting in order that he could become acquainted with the Assistant Secretaries and become familiar with the procedures which we use to establish coordination and joint action in the Department of State.

We had an interesting and lively discussion, and we in this Department were very grateful that he took the interest and came over to sit with us. I believe that this is the first time that that has happened in the State Department.

Now, gentlemen, your questions, please.

Q. Mr. Secretary, in the course of your efforts to find a solution or a plan for handling the Congo problem, have you consulted with the representatives of the Soviet Union? If so, what kind of response have you had, cooperative or otherwise?

³On Feb. 4 Lincoln White, Director of the Office of News, told correspondents that the subject of a note handed to American Ambassador Llewellyn E. Thompson at Moscow on that day by Soviet Foreign Minister Andrei A. Gromyko was an agreement by the Soviet Union to a suggestion by the U.S. Government that the Geneva nuclear test ban negotiations be postponed from Feb. 7 to Mar. 21.

⁴John J. McCloy, Adviser to the President on Disarmament.

A. We have not consulted directly as between governments through normal channels, but there will of course be some consultation at the seat of the United Nations, where this matter is now under consideration by the Security Council. I have nothing further to add on that.

The Crisis in Laos

Q. Mr. Secretary, with respect to these problems that you can't discuss in detail, I'm wondering, however, if, since the crisis in Laos seems to be getting no better, if you could give us some idea of the lines along which your administration is working on this problem?

A. At the present time the parliamentary situation is that a proposal has been made to the Soviet Union for a reconstitution of the International Control Commission, the sort that was envisaged under the Geneva accords.⁵ I gather that the Soviets have not yet replied to that proposal. We must therefore be thinking about alternatives. And this we are doing in consultation with other governments concerned.

We are concerned both about a political means for demonstrating that Laos can be and should be independent, peaceful, without commitments in any direction, but at the same time to hope that the situation on the ground will become sufficiently stable to permit a degree of real stability in that area. One of the problems is, of course, that when we talk about a word like "independence" or "neutrality" these words don't seem to mean the same thing to all parties. So we must take care to insure that the arrangements will make it possible for the Laotian people to work out their own arrangements in peace without hostile interference.

Q. Mr. Secretary, a related question—

A. Yes?

Q. Communist arms have been introduced both into the Laotian situation and into the Congolese situation by various other means. United States arms also have been introduced in those two areas. Now, how do you view this struggle, as an East-West conflict for the Asian subcontinent, for the continent of Africa, and is it possible, do you believe in your long-range thinking, to avoid such East-West struggle?

⁵For background, see BULLETIN of Aug. 2, 1954, p. 162.

A. Well, there are elements in both situations of an East-West struggle. The assistance which we have given in Laos has been channeled through the arrangements which were set up under the Geneva accords. The International Control Commission, as you know, has not been there for some time, but those arrangements have been clear and the public has known of the military assistance and financial assistance which we have been giving to Laos.

We do believe that arrangements about the future of Laos should be alert to the problem of unauthorized supply of arms that would be available for causing trouble, and we think that that should be under international supervision of some sort which will make it equally applicable to all sides.

In the Congo this is primarily a problem to be worked out through the United Nations. As you know, we have insisted that assistance to the Congo be channeled through the United Nations. [The United States has sent no arms to the Congo.] Of course, there has been assistance put in there through other channels. We would hope that the United Nations could find itself in a position to take charge of that problem and to insure that outside assistance is used as the United Nations itself would direct. We would hope that it will be possible to save some of these parts of the world that are primarily interested in the development of their own resources and the well-being of their own people from being caught up in the turbulence of some of the larger problems outside. We would hope that that will be possible in Africa. One of the reasons why we are supporting the United Nations effort there is because we believe that that might be the best way to prevent that kind of embroilment. That is also one of the reasons why we think the newly independent states themselves have a very special and specific interest in the success of the United Nations effort in a place like the Congo.

Q. Mr. Secretary, on Laos, how much time do you think the West has to find a political settlement there? In short, how urgent is the situation?

A. I would not be able to specify the time in terms of weeks or months, but the situation is sufficiently urgent to require us to work at it and work at it hard, and we should not suppose that

coasting along would be to the advantage of anyone concerned.

Q. The President this morning has sent his message on the balance of payments to the Congress.^a Does the administration regard the proposal of Germany, which has been arrived at over 2 months of negotiations, adequate help in solving this problem?

A. I think that my best comment on that would simply be to say that we are continuing our discussions with the Germans and that we hope to be in touch with them further about it.

Techniques in Diplomacy

Q. Mr. Secretary—

A. Yes?

Q. You have said that this administration does not intend to deprive itself of any diplomatic means for achieving its ends. I wonder if you could discuss with us today the idea of heads-of-government meetings as a technique in diplomacy. When should they be engaged in? How should they be prepared for? And when should they not be used?

A. Well, this question has become a little tangled because of a personal interest which I took in it before I became a public official. I think perhaps one thing that happened was that, in trying to put one or two things into context and without a chance to discuss it in somewhat broader terms, this matter got a little bit out of perspective.

You recall that there was considerable interest not so long ago in the report that Ambassador [Llewellyn E.] Thompson had then been consulting with high officials in Moscow. We tried to say then that we wanted to use regular diplomatic channels and in using them it would not be possible for us to fill in the public or the press on the details of those talks. Now I depart from that particular instance and remind you that there are times when the content of talks, the possibility of reaching any result in such talks, can be frustrated by premature publicity. Indeed, I can recall a few instances in the past, in the distant past (and I would not expect to specify those instances), when the very existence of talks led to the collapse of the discussions under way.

^a See p. 287.

When that clarification was made of Mr. Thompson's discussions, there was a wide interpretation that this meant that we were getting ourselves rather fixed on this, and only this, technique, and so I tried to suggest that this would be too dogmatic and narrow a view, that all of the techniques of diplomacy are available and have to be considered by a government with as large interests and as wide-ranging relationships as the Government of the United States. That comment was interpreted to mean a reversal and that we were taking off in another direction.

Could we not leave it that in these complex relationships among governments there is a variety of techniques and that these have to be considered in relation to the job to be done? I don't believe that we ought to generalize or philosophize unduly about choices among techniques at this point. From time to time you will see an emphasis on one. From time to time you will see the use of another. And I would hope that we would not find ourselves caught up in a policy with respect to method, because the method is the handmaiden of policy and we should be prepared to do what has to be done or needs to be done in the national interest.

Responsibility for Neglect of Cuban Aspirations

Q. In your opening statement, Mr. Secretary, regarding Latin America, you spoke of the tragedy of Cuba and the neglect of the aspirations of the Cuban people. Can you fix the responsibility for this neglect?

A. I think you will recall that I said "the earlier neglect of the aspirations of the Cuban people," and of course that neglect is present there now. But the Cuban episode illustrates the importance of attention to the economic and social improvement of the peoples of these various countries. The primary responsibility, of course, goes to these previous regimes in Cuba. I think that the rest of us in the inter-American system might have worked harder to point that and other governments in the direction of economic and social reform. This is not something which can be done from the outside or even largely from the outside. This requires a recognition of goals and purposes and aspirations by the governments and indeed by the people themselves.

I don't know whether any of you grew up in our own Southland and recall some of the early days of development there. Development requires advance on a broad front: education, health, increased productivity, capital investment. Obviously, these are not things which can be brought in from the outside and given to people. They have to be a part of a total national effort under vigorous leadership which instills an interest in these problems on the part of the people concerned. For example, in some countries that are struggling with development, unless you find a popular interest it is very difficult to get the improved techniques or the improved seeds or the opportunities for improved sanitation and health into the hands of the people that count, because there is a widespread conservatism on the part of people all over, including our own country, to accept changes too rapidly.

Well, what's needed is inspirational leadership and an activation of the development forces that are coming from beneath in order that an advance can be made on a broad front. And our need is to find those particular points, sometimes relatively minor points, where our contribution can be critical—whether it's in assisting in the development of new varieties of basic food crops, or whether it's training individuals in public administration to assist in the development of a ministry of finance, or whether it is helping to build up a good department and a good university, or whether it's capital investment in a particularly urgent project from which an important yield can come. These are the things which we can do to help the basic effort from within the countries themselves.

Q. Mr. Secretary, can you give us an idea of your thinking about when the proper time might be to include Communist China in any disarmament talks and particularly with reference to nuclear testing talks?

A. That is a very serious and relevant problem which is, of course, under study by the disarmament group. It will not be easy to achieve any realistic or effective disarmament unless all those countries that are capable of producing and maintaining large armed forces are brought within the system. But I would not be able to comment further at this time about means or timing or methods.

Relations With the Soviet Union

Q. Mr. Secretary, in light of the release of the RB-47 fliers,⁷ could you put into perspective for us your own view of the prospect for improved working relations with the Soviet Union on some of the specifics which now face us, in the Congo, on Laos, on some of the others around the globe?

A. The release of the RB-47 fliers removed some of the problems between us and the Soviet Union and did indeed help to remove one of the obstacles to normal communication. But we should not suppose that the assumption of responsibility by a new administration in Washington or by any changed mood in the words which are used on either side, however slight that change of mood might be, means that serious problems have suddenly disappeared.

There is a lot of work to do to find out whether it is possible to find a constructive relationship, step by step, issue by issue, with the Soviet Union and indeed with others. We shall, in the weeks and months ahead, be in the process of finding out. But I would hope that we would not be unduly optimistic that relationships have basically changed just because of the events of the last, say, few weeks. One still has the manifesto of the Communist summit to read. One still has Mr. Khrushchev's January 6th speech to study. There are still such problems as Laos, Cuba, Congo, and a wide range of others. We do hope that it will be possible, perhaps on some of the lesser questions, to make some step forward. But there are some serious days ahead and some hard work ahead.

There was a question in here—

Q. Mr. Secretary, the Vice President said in New York yesterday [February 5] that he hoped that a reduction of arms in the Near East would quickly come. I wonder, sir, if you have had time to give this problem any consideration and whether you plan any steps to bring such a thing about?

A. I don't believe that there is anything that I could profitably say on that question today. This

⁷ President Kennedy on Jan. 25 announced that Capt. Freeman B. Olmstead and Capt. John R. McKone, members of a USAF RB-47 crew, who had been detained by Soviet authorities since July 1, 1960, had been released by the Soviet Government; for background on the RB-47 incident, see BULLETIN of Aug. 1, 1960, p. 163; Aug. 8, 1960, pp. 209 and 211; Aug. 15, 1960, p. 235; Aug. 22, 1960, p. 274.

is, I think, one of the fields where preliminary or premature public comment would not be helpful. We are thinking about it very hard, of course.

Q. I have a question about nuclear testing. It has been 27 months now since the United States has tested, and several people are getting anxious about the Soviet Union possibly testing secretly. How much longer do you think we can observe the moratorium as we go into the new negotiations next month?

A. That is a question which will have to be faced in connection with the progress made in the plans for the nuclear test negotiations. President Kennedy had some comments to make on that during the campaign, and of course this is one of the very important elements in the problem. But I would not wish to talk about time factors today.

Q. Mr. Secretary, could you tell us in a little more detail what program you have in mind generally to meet this Cuban situation, which the President has said requires the attention of all of the hemisphere nations, and you have said the same thing here a moment ago? I wonder if we are going into the OAS with any specific program on Cuba?

A. We shall, of course, be consulting with other members of the American system, but I don't believe that it would be profitable for me to comment on specific steps that might be under contemplation at this time in that very complicated situation.

U.S. Position on Berlin Unchanged

Q. Mr. Secretary, in the enumeration of crises points you have again omitted Berlin. Can we assume that the attention of the new administration has shifted its focus toward the East, perhaps from your or the President's mentioning of Poland so prominently in his speech?

A. I mentioned the particular crises because they were the ones that were most in the daily headlines at the present time. I did not suppose that I would exhaust the list in doing so nor recount all of the serious problems ahead of us. It is not to be understood that the attitude of the United States or of President Kennedy about Berlin has changed. We are deeply concerned about the security and the safety of the people of that city, and the President has himself declared that and there has been no change in the position.

Q. Mr. Secretary, over the weekend apparently the Cuban Government intervened with the company which controls the water supply for the Guantanamo Base. Would you give us your assessment of that move and, in particular, tell us what, if anything, it portends?

A. I have no immediate information on that problem except the report that the water supply has continued. This is, of course, something we will be looking into.

Q. Mr. Secretary, in the larger question of East-West relations, over the period that you expect to be in office do you believe it is possible for the American Government to come to what might be called "settlements" with the Soviet Union and its Communist allies, or is the most that can be expected to find a modus vivendi, or a peaceful co-existence, or whatever phrase you choose, short of firm settlements of a long-term nature?

A. I wouldn't, I think, wish to generalize about that problem. It is made up of so many large and smaller things. Our necessity will be to work at them, both the larger ones and the smaller ones, as we can, to reach settlement of specific issues where we can, to see whether it is possible to reduce tension, and to find any basis for a more constructive relationship. But I would not wish to predict in general terms about the longer range aspects of that problem.

Q. Mr. Secretary, a few moments ago you mentioned the words "independence" and "neutrality" meaning different things to different countries. Our policy in Laos has been criticized for asking that Laos be both neutral and friendly toward the West. What is your view of the word "neutral"?

A. I think "neutral" means—to me—first, independence, without the kind of commitments to either side, if there are only two sides in the situation, which would cause that country to become a battleground of contending forces and which would not jeopardize its own independence and right to work out its own institutions. But I hesitate again to offer that as a comprehensive definition. Let's say that that is simply a passing comment.

Q. Mr. Secretary, again on Laos. Earlier you spoke of the need to find political means for demonstrating Laos neutrality; and later you referred

to the desirability, as I understand it, of establishing some form of international supervision to restrict the flow of foreign arms into Laos. I wonder if we might draw from these statements the inference that you are leaning toward an international conference to establish some new terms for Laos which would limit the United States' own contributions of arms to Laos, as well as the flow of arms across the border?

A. I would not myself draw that inference from the remarks that I made. But, of course, that is one of many alternatives which would have to be considered about Laos.

Red China and the U.N.

Q. Mr. Secretary, since the confirmation of various high officials in the State Department, it would appear that there is a trend of thought that perhaps the admission of Red China to the United Nations is inevitable. First: Is there such a trend of thought in the Department of State at the present time, and, if there is, what is your view on it?

A. I think the comments on that question were made rather extensively before the Senate Foreign Relations Committee by several of us who were questioned about it. I think that it would be unnecessary for me to repeat those comments seriatim. But I would not want to embroider them.

The essence of the problem is that we have strong commitments to our ally, the Government of the people of Formosa: the National Government of China. That commitment is firm, and, of course, the other side looks upon that as a major obstacle. I think we could leave it there for further study.

There is in addition to that, of course, the highly complicated parliamentary situation in the United Nations, on which I will not wish to comment today.

Q. Mr. Secretary, could you please discuss with us what you are thinking about the necessary revamping of NATO?

A. There have been a number of proposals made publicly to strengthen the NATO system. There are a number of proposals, as you know, before governments now.

We are making an intensive study of these pro-

posals and others at the present time and hope to be able to join with the other members of NATO to help unify and strengthen that critical instrument of the North Atlantic Community. I do not believe that it would be possible for me to go into detail on that today.

Appointments of New Ambassadors

Q. Mr. Secretary, the appointments of new ambassadors by this administration have been rather slow so far, but I assume there will be some further announcements shortly. Could you tell us though what is the philosophy behind these appointments in the light of the continuing argument over the years as to the merits of having career ambassadors as against political appointees? What is the direction in which the thinking is going on this point?

A. The general hope is to find highly qualified men for all posts and to make full use of not only our able Foreign Service officers but others who might be qualified from outside. The timing of the announcements has turned somewhat upon the procedures involved.

As you gentlemen know, it is very difficult to hold privately prospective names for ambassadorial posts abroad. On the other hand, this creates problems in our relations with the governments to whom we might wish to send ambassadors. Until we have asked for the *agrément*, until we have consulted them about whether they would be willing to receive a particular person as ambassador, it is difficult for them and embarrassing to both of us if those names are matters of public speculation. Again, I would not wish to cite cases, but there have been times in the past when governments have made it known that it would be extremely difficult for them to receive a person who was being actively discussed before the formal approach had been made.

Now that has something to do with the timing. There will be a very considerable number of ambassadors asked to stay in their posts, and most of those have been informed. There will be other appointments announced in the days ahead.

Q. Mr. Secretary, in view of the fact that there are three different countries, whether legal or illegal, operating in the Congo today, do you feel that perhaps a federation-type setup might be the best for the Congo? And in connection with this,

do you think that perhaps Mr. [Patrice] Lumumba should be released from prison shortly and even be permitted to take a high place?

A. Of course, we in this country instinctively think of a federal structure as one of the means by which one can resolve differences over a considerable area about political organization and governmental operations. These are questions, however, which have to be worked out on the ground with the various Congolese leaders—with the help of the United Nations, undoubtedly. We don't know whether the present conciliation commission out there will have any success in bringing Congolese leaders together. But these are essentially problems to be sorted out there rather than back here.

I would not wish to comment on the very difficult problem of release of political prisoners. There are a considerable number of them being held.

But that is the situation on the ground, which has to be worked at with those who are in position to do something about it and under the circumstances which would make it possible to act upon it. But that is not for us here today.

Q. Mr. Secretary, how do you look upon the suggestion that the next NATO Council meeting be a heads-of-government meeting in order that President Kennedy might meet the other heads of government in the Alliance?

A. That is a question for which there is no conclusion as far as we are concerned. This and other suggestions of that sort are, of course, under study.

Q. Thank you, sir.

U.K. Prime Minister To Visit U.S. for Talks With President Kennedy

White House press release dated February 9

Prime Minister Harold Macmillan, accompanied by Lady Dorothy Macmillan, will arrive at Washington from the federation of The West Indies on April 4. The President and the Prime Minister will meet for informal talks on April 5 and 6. The British Foreign Secretary, Lord Home, will arrive at Washington on April 3 and will have preliminary discussions with the Secretary of State.

Secretary Rusk Interviewed on "Today" Show

Secretary Rusk was interviewed on the NBC television Dave Garroway "Today" show by Mr. Garroway and Martin Agronsky, Washington correspondent of the National Broadcasting Company. The interview was videotaped on February 9 and broadcast over the NBC television network on February 10. Following is the text of the transcript.

Press release 63 dated February 10

Mr. Rusk: I cherish the hope—a hope shared, I'm sure, by all Americans—that the Department of State can work effectively during the coming years to promote the cause of peace.

Mr. Garroway: That was the Honorable Dean Rusk, the new Secretary of State, the fifth member of the President's Cabinet. We shall have the honor of talking to him shortly after a station break.

And now we are able to meet our new Secretary of State, the Honorable Dean Rusk, who is the fifth member of the President's Cabinet to appear on our "Today" Cabinet series. In Mr. Rusk's case the fifth becomes the first, for in terms of protocol and power the Secretary of State takes precedence over all other members in any Cabinet.

The critical problems on which the Secretary of State must advise the President are the most immense which face our Nation. In his state of the Union message,¹ the President defined them like this:

Our greatest challenge is still the world that lies beyond the cold war—but the first great obstacle is still our relations with the Soviet Union and Communist China. We must never be lulled into believing that either power has yielded its ambitions for world domination—ambitions which they forcefully restated only a short time ago. On the contrary, our task is to convince them that aggression and subversion will not be profitable routes to pursue these ends. Open and peaceful competition—for prestige, for markets, for scientific achievement, even for men's minds—is something else again. For if freedom and communism were to compete for man's allegiance in a world at peace, I would look to the future with ever-increasing confidence.

To meet this array of challenges—to fulfill the role we cannot avoid on the world scene—we must reexamine and revise our whole arsenal of tools: military, economic, and political.

¹ BULLETIN of Feb. 13, 1961, p. 207.

One must not overshadow the other. On the Presidential coat of arms, the American eagle holds in his right talon the olive branch, while in his left he holds a bundle of arrows. We intend to give equal attention to both.

As the President notes, this Nation faces a challenge in leadership which it cannot avoid, nor can he as President. The man he looks to most constantly to help him meet that challenge is his Secretary of State. The world crisis is a burden of the Secretary of State, which he shares with the President. The seal of the office and the immense responsibility that it entails are in the hands of the veteran 52-year old diplomat, Dean Rusk.

Secretary Rusk and our correspondent in Washington, Martin Agronsky, are waiting to discuss our foreign policy right now. Good morning, Mr. Secretary, and Martin.

Mr. Agronsky: Good morning, Dave.

Mr. Rusk: Good morning.

Mr. Agronsky: Mr. Secretary, there has been a lot of talk about a remarkable coincidence between a symbol that you used in a collegiate thesis that you wrote and one that President Kennedy used in his state of the Union message—the symbol of the American eagle on the Presidential coat of arms. It holds in its right hand a branch of peace and in its left hand a bundle of arrows. Was this the first fruit of your collaboration with the President of the United States, sir?

Mr. Rusk: Well, I had long since forgotten that I ever drew attention to this figure of speech. I think I read it for the first time some time ago in the press. I suppose an enterprising reporter dug this out of one of my professors at some stage. I did not suggest this to the President for the inaugural. I do believe that it is an apt figure of speech because America needs both strength and a willingness to make peace wherever possible.

Mr. Agronsky: We "arm to parley" in Mr. Churchill's words.

Mr. Rusk: Quite right.

Mr. Agronsky: Mr. Secretary, the former Secretary of State, Dean Acheson, recently commented in a very interesting way on how he was offered the post of Secretary of State by former President Harry Truman—

Mr. Rusk: Yes.

Mr. Agronsky:—how he felt about it when he was offered the job and how long it took him to decide to accept it. I wonder, sir, could you tell us anything about that particular, extremely interesting sequence in your relationship with the President of the United States, Mr. Kennedy?

Mr. Rusk: As is by now well known, I had not had the privilege of knowing Senator Kennedy in those earlier days. I actually was asked to undertake this post in our second meeting, in our second conversation.

Mr. Agronsky: Well, for historical records, sir, when was that?

Mr. Rusk: December 12th, thereabouts.

Mr. Agronsky: Yes.

Mr. Rusk: On a Sunday evening.

Mr. Agronsky: How did you feel when it was offered to you?

Mr. Rusk: This is a very sobering moment in anyone's life. The responsibility is very heavy. The privilege of serving the President in this role is, of course, very great, but the burdens which are carried by the President of the United States are such that any citizen who is asked to undertake this responsibility is under a very compelling duty to do his best to do so.

Mr. Agronsky: Did you accept it immediately?

Mr. Rusk: I accepted it when the President asked me to do it.

Mr. Agronsky: At that moment?

Mr. Rusk: Right.

Mr. Agronsky: Unlike Dean Acheson, who said that he slept on it?

Mr. Rusk: There had been some speculation earlier to which I had attributed no importance whatever about this subject, and I had had one conversation with the President about the general nature of our responsibilities in the foreign policy field, so that I did not come to that second meeting completely unprepared for that discussion.

Mr. Agronsky: Mr. Secretary, you noted once that Harry Truman had defined the President's relation to foreign policy in five words. He said, "The President makes foreign policy." What

does the Secretary of State make? What is the function of your job? How do you see it?

Mr. Rusk: The primary responsibility of the Secretary of State is to help the President carry one of the most awesome responsibilities that is known to man. That means that the Secretary of State must be a principal, perhaps the primary, adviser to the President on foreign policy, but it also means that the Secretary must administer and lead the Department of State so that a great department can be of maximum help to the President. It means that the Secretary must help to represent the administration's point of view with the Congress and with congressional leaders and also help explain to the country what we are trying to do in foreign policy. Because, although the Constitution gives very heavy responsibilities to the President, our Constitution also gives the President a license to lead, and, in exercising that leadership in a country which moves by consent, the President must have the help of a great many others, including his principal Cabinet officers. The Secretary of State's role is to help in every way possible the President carry out his far-reaching and extremely complicated and difficult responsibilities in the foreign policy field.

Mr. Agronsky: Mr. Truman was right; the President makes foreign policy.

Mr. Rusk: The President leads the Nation in our relations with other nations. Now it is true that there is an inevitable and necessary partnership between the President and the Congress, but even there the President's leadership is crucial in the elaboration and the directions of our foreign policy.

Mr. Agronsky: Dave?

Mr. Garroway: Mr. Secretary, would you say there is a fundamental difference between the approach of President Kennedy and yourself toward foreign policy and that which was followed by President Eisenhower and his two Secretaries of State?

Mr. Rusk: I think perhaps the principal difference is that President Kennedy and his new administration take seriously the underlying fact that what the United States does or what the United States does not do in the world in which we live makes a great deal of difference to what happens in this turbulent, tempestuous period in which we are now living. There are great revolu-

tionary forces going on in the world. Older empires are breaking to pieces. New international organizations are coming into being. There is a great revolution of expectations in which people all over the world are trying to find a more decent life for themselves. New political situations, both national and regional, are coming into being.

Now the United States can make an enormous difference to the shape of the world to come by taking an active and interested and sympathetic and constructive role in these activities. And I do believe that President Kennedy's leadership will give us a new involvement and concern with, and effect upon, these great tides of history which will determine the future of not only ourselves but our children and grandchildren in the years to come.

Mr. Garroway: Sir, you have defined the central problem of our foreign policy and of our time as the maintenance of peace. How would you define the central problem of maintaining that peace?

Mr. Rusk: In the first instance, it seems to me that those who are interested in maintaining the peace and in organizing a world community in a way that will permit us to settle our disputes by peaceful means must themselves be strong. We must not offer temptations to those who would upset the peace by letting them feel that they can upset the peace with impunity.

But, reaching far beyond that, it is important for us to keep our eyes on the world that might lie beyond the cold war, because we must let our own people and people abroad know what our long-range aspirations are, a world which can live in peace and in decency and with justice and under the rules of law, so that we can have a tolerable international community in which these passing disputes can be handled without upsetting the peace of the world.

Mr. Garroway: That leads me, sir, to ask you how you define the problem of negotiating with Russia.

Mr. Rusk: We have with the Soviet Union relatively few directly bilateral problems. Most of our problems arise over the nature of the world to come and the ability of the international community to organize itself for peace and stability.

Now we have some large issues with the Soviet Union, but we have many smaller possibilities of

working out a constructive relationship. We must deal with the large ones with integrity and assurance and confidence, but we must also try to find those smaller points through which we can find joint constructive action and a common interest which will improve the general atmosphere in which the larger questions can be better dealt with.

Mr. Garroway: Thank you, Mr. Secretary. Martin?

Mr. Agronsky: Mr. Secretary, Mr. Kennedy has said repeatedly that he is going to try to bring a new look to our democracy, our foreign policy, and you have said the same. You have indicated that you intend to accentuate the positive in our dealings with the Soviet Union, that is, instead of concentrating on the things on which we differ with Russia, to find the things that we hold in common. Now what's the one fundamental thing that we have in common with the Soviet Union? Is there such a thing?

Mr. Rusk: I suppose that we and the Soviet Union, at least we the American people and the people of the Soviet Union, have in common a genuine desire to avoid a major nuclear war. That, I think, we would not dispute. But I think we also have in the offing a great many lesser matters on which we can find constructive cooperation.

President Kennedy referred in his state of the Union message to matters on which nature itself makes natural allies of us all, such matters as the control of viruses or the control of wheat rust or the control of potato blights, or such questions as the safety of life at sea and in the air. There are many other possibilities for day-by-day cooperation in the work of the world which is going on and being nurtured by small, little-known, unnoticed international meetings going on all over the world every day. These are not at the moment earthshaking. These are not decisive. But they are building up an underpinning of confidence and mutual interest which will help in the longer run. Where smaller agreements are enforced by the practical advantage which each side gets from compliance, this experience is good and wholesome, although it may not as yet be decisive.

Mr. Agronsky: Well, Mr. Secretary, I feel from what you have said that you would share with Khrushchev at least this much of a conclusion, that coexistence with the Soviet Union is a possibility,

that coexistence between our two opposed systems is possible, that we need not have a war.

Mr. Rusk: That is something that must be tested out in the months and years to come. There are words like "coexistence" and "peace" and "democracy" which mean different things to different people. And in terms of civility and concentrated effort and in terms of clarity of thinking on our own side, we should find out in the months and years ahead whether the prospects for peace can be strengthened by real understanding in this relationship.

Mr. Agronsky: Dave?

Mr. Garroway: Sir, you wrote about a year ago that in principle you're against summitry, that is, foreign policy negotiations on the chiefs-of-government level. You quoted the advice, I remember you gave, of a 15th-century diplomat who said, "Two great princes who wish to establish great personal relations should never meet face-to-face but should communicate between good and wise Ambassadors." Mr. Secretary, why did you say that then, and do you still feel the same way?

Mr. Rusk: In that article to which you refer, Mr. Garroway, I was trying to point out why there has been considerable reluctance on the part of American leaders to take up summit diplomacy as a regular technique of the conduct of our foreign affairs. There are very great strains imposed upon our constitutional system if the President of the United States is away from his post for long periods of time. And I think, by and large, without reference to individuals concerned, the long history of summit diplomacy has not suggested that that is the most fruitful method of diplomacy over the years. We believe, some of us, that the ordinary channels of diplomacy should be used to their limit.

But, on the other hand, we should not be dogmatic about it. All of the instruments of diplomacy should be available in order to protect the national interest and to serve our Nation. As I have said in an earlier press conference,² method is the handmaiden of policy, and our job is to get on with a wise and sound policy, and we shall adapt our methods to that end.

² See p. 296.

Mr. Agronsky: May I follow up Dave's question this way, Mr. Secretary: In this business of dealing with Russia, former President Eisenhower and your chief Russian expert, Ambassador Charles Bohlen, have both said in effect that if you want to negotiate with the Soviet Union you must talk to Mr. Khrushchev. Now Mr. Khrushchev has said repeatedly that, as far as he is concerned, when he negotiates with any other country, he wants to talk with his opposite number, with number one. Now under those circumstances, when we negotiate with Russia, what good is it to deal with anyone but Khrushchev?

Mr. Rusk: We are not convinced that relations between great states turn always on relations between individuals. In the long-range history of diplomacy, techniques have been evolved and formalities have been developed for the purpose of removing from the relations between great states the accidental impacts of personality. Now it may be that from time to time it is useful and important for leading men to get together and talk over these things directly and personally. But the great mass of business of diplomacy cannot be handled this way.

I have been told, for example, that the cable output of the Department of State each day exceeds the combined output of our press services from Washington, D.C. There is an enormous amount of business, and much of that involves the great powers. We do transact business at lower levels, and we must develop the techniques for transacting as much business as we can in whatever channel is most effective. I would not subscribe, and I don't think any of the other great powers would subscribe, to the notion that diplomacy can be conducted only at the top. Every day we act in just the contrary direction.

Mr. Garroway: Mr. Secretary, we are asking this question of each member of the President's Cabinet: In his inaugural address the President said to Americans, "Ask not what your country can do for you—ask what you can do for your country." I'm sure you recall that.

Mr. Rusk: Yes.

Mr. Garroway: What meaning do you read into those words, sir?

Mr. Rusk: In the foreign policy field there is an enormous amount which individual citizens

can do. I think the first thing they should remember is that we need not and cannot hide behind the alibi of helplessness. Citizens can take an interest in foreign affairs. They can volunteer for service both here and abroad when asked to do so. But they can also conduct themselves in their own communities to create the quality of life in this country which demonstrates to the rest of the world what we mean by democracy and the dignity of the individual and human rights and social and economic progress. We can serve our country in the mood and the understanding with which we travel abroad.

We can serve it by the hospitality and the tact with which we receive visitors from abroad. We can serve it by discovering the talents of young people who need an opportunity to move to roles of leadership which are waiting for them in the conduct of our foreign affairs and in the rest of our national life. There is a great deal which private citizens can do, beginning with our own community and reaching into national service, either in uniform or in civilian life.

Mr. Garroway: Thank you, sir. Martin, we have time for one more question.

Mr. Agronsky: Very quickly then, Mr. Secretary, in your first news conference you pointed out that you felt disarmament talks could not be held realistically without the inclusion of Communist China. Can perhaps one of the major innovations in the foreign policy of this administration be, in the light of recognition that Communist China must be included in this major issue, that eventually we will end in recognizing the Chinese Communists?

Mr. Rusk: I have said before the Senate [Foreign Relations] Committee and otherwise that I do not see any prospect that recognition of Communist China is a realistic possibility or desirability. It is true that in such a field as disarmament, if we go into a nuclear weapons test-ban situation, this would make no sense unless all those who might be in a position to develop nuclear weapons were a member of the party or, if we were in a general disarmament arrangement involving conventional forces, that such an arrangement would not be realistic unless it included all of those who had powerful armed forces at their disposal. But these are matters for the future which I cannot go into in any detail.

Mr. Agronsky: Thank you very much, Mr. Secretary.

Mr. Garroway: Thank you both very much. Peace.

President Outlines Measures for Aiding Cuban Refugees

Statement by President Kennedy

White House press release dated February 3

I have conferred with Secretary Abraham Ribicoff concerning the Secretary's on-the-spot investigation made at my direction on the problems of Cuban refugees in southern Florida.¹

Secretary Ribicoff paid tribute to the refugees as a proud and resourceful people, whose courage and fortitude in the face of tragic disruption of their lives is magnificent.

At the same time he reported that many of the refugees are now in serious need. They are living in extremely crowded quarters. Their resources have been exhausted or greatly depleted. Health and educational facilities are badly overtaxed.

Secretary Ribicoff praised the exceptional efforts of voluntary welfare agencies, and State and local officials, to cope with the problems which have been created by the influx of refugees from oppression in their homeland. But he emphasized that the increasing number of refugees, and the personal circumstances of many of them, had become more onerous than private and local agencies could any longer bear alone.

The Secretary said that immigration authorities estimated there are already 66,000 Cubans in this country, with at least 32,000 in the Miami area. To meet their minimal needs the personal resources of many of the refugees have been exhausted and the available resources of voluntary and local authorities badly overstrained.

As a result of the conference this afternoon I have directed Secretary Ribicoff to take the following actions on behalf of the United States Government:

1. Provide all possible assistance to voluntary relief agencies in providing daily necessities for

¹ Mr. Ribicoff is Secretary of Health, Education, and Welfare. For background, see BULLETIN of Feb. 20, 1961, p. 256.

many of the refugees, for resettling as many of them as possible, and for securing jobs for them.

2. Obtain the assistance of both private and governmental agencies to provide useful employment opportunities for displaced Cubans, consistent with the overall employment situation prevailing in Florida.

3. Provide supplemental funds for the resettlement of refugees in other areas, including transportation and adjustment costs to the new communities and for their eventual return to Miami for repatriation to their homeland as soon as that is again possible.

4. Furnish financial assistance to meet basic maintenance requirements of needy Cuban refugee families in the Miami area as required in communities of resettlement, administered through Federal, State, and local channels and based on standards used in the community involved.

5. Provide for essential health services through the financial assistance program supplemented by child health, public health services, and other arrangements as needed.

6. Furnish Federal assistance for local public school operating costs related to the unforeseen impact of Cuban refugee children on local teaching facilities.

7. Initiate needed measures to augment training and educational opportunities for Cuban refugees, including physicians, teachers, and those with other professional backgrounds.

8. Provide financial aid for the care and protection of unaccompanied children—the most defenseless and troubled group among the refugee population.

9. Undertake a surplus food distribution program to be administered by the county welfare department, with surplus foods distributed by public and voluntary agencies to needy refugees.

I hope that these measures will be understood as an immediate expression of the firm desire of the people of the United States to be of tangible assistance to the refugees until such time as better circumstances enable them to return to their permanent homes in health, in confidence, and with unimpaired pride.

I am particularly interested in Secretary Ribicoff's proposal to make effective use of the faculty of the University of Habana, three-fourths of

which are reported to be in south Florida at the present time. I have asked Secretary Ribicoff to examine how this community of scholars could be most effectively used to keep alive the cultural and liberal traditions for which this faculty has been justly noted. It represents a great inter-American asset, for their own people, for this country, and for the entire hemisphere. I have asked the Secretary to report by March 1st on how these great intellectual abilities can be most effectively employed.

I also want to commend Secretary Ribicoff for the constructive, humanitarian, and immediate program proposed to assist the Cuban refugees. He said that he hoped that it would be considered first and foremost an essential humanitarian act by this country. But he also wanted it to indicate the resolve of this Nation to help those in need who stand with the United States for personal freedom and against Communist penetration of the Western Hemisphere.

I have consulted with Budget Director David E. Bell on means for financing these interim measures, which are expected to cost about \$4 million through the remainder of this fiscal year.

Presidents of U.S. and Mexico Exchange Greetings

White House press release dated February 10

The White House on February 10 made public the following exchange of telegrams between President Kennedy and Adolfo López Mateos, President of the United Mexican States.

President Kennedy to President López Mateos

FEBRUARY 2, 1961

His Excellency

ADOLFO LÓPEZ MATEOS

*President of the United Mexican States
México, D.F.*

DEAR MR. PRESIDENT: I received with great pleasure your thoughtful and cordial message of January twentieth on the occasion of my inauguration. It is my earnest determination to strive for increasing cooperation between our two Governments as well as with the other democratic governments of the world.

Mexico will always have a warm place in American hearts as it has in my own. I assure you I reciprocate your expressions of personal happiness and I wish you continued success in your high office. The close ties of friendship that bind our two countries will, I know, be strengthened in the coming years as we approach ever closer to our common goals of a just peace and prosperity for all men.

Sincerely,

JOHN F. KENNEDY

President López Mateos to President Kennedy

JANUARY 20, 1961

THE PRESIDENT
The White House

On the occasion of your inauguration as President of the United States of America, I take pleasure in expressing, in the name of the Mexican Government and people, heartfelt wishes for the greatness and prosperity of your country and for the continuation of the excellent relations that happily exist between our peoples and Governments.

I likewise take pleasure in sending you my warm congratulations and my best wishes for your personal happiness, and may the success of your administration be such as to achieve, in the international field, the peace with dignity and justice that all nations earnestly desire.

ADOLFO LÓPEZ MATEOS
President of the United Mexican States

Delegation Named to Final Stage of Talks on West Indies Bases

White House press release dated February 6

The White House announced on February 6 the appointment by President Kennedy of a delegation to the final stage of the negotiations concerning defense areas in The West Indies.¹ The chairman of the delegation will be John Hay Whitney, former U.S. Ambassador to Great Britain, who led the earlier negotiations on this subject at London and in The West Indies.

The other members of the delegation will be: George L. P. Weaver, Special Assistant to the Secretary of Labor; Hector Garcia, a distinguished American who has long been interested in the Caribbean area; Ivan B. White, Deputy As-

sistant Secretary of State; and William E. Lang, Director of the Office of Foreign Military Rights Affairs, Department of Defense. The American consuls general at Port-of-Spain and Kingston will also be members of the delegation, and other representatives of the Departments of State and Defense will accompany the delegation as advisers.

The negotiations will concern the future use of specified defense areas in the Caribbean formerly operated under terms of the 1941 Leased Bases and other agreements. The U.S. naval station at Chaguaramas, Trinidad, is the principal facility involved even though there are other defense areas in the island territories of Trinidad and Tobago, St. Lucia, Antigua, Jamaica, Turks, Caicos, and Barbados which will come under discussion by the delegation.

Latin American Educators Attend Seminar in Puerto Rico

Press release 62 dated February 10

The ninth semiannual education workshop for Latin American teachers and school administrators will be conducted at San Juan, P.R., from February 13 to March 10, 1961.

Thirty-nine educators from six Central and South American Republics will participate in a special seminar designed to acquaint them with the methods and philosophy of the educational systems of the United States. The seminar, which is held twice each year under the auspices of the educational exchange program of the Department of State, will be conducted by the University of Puerto Rico with the cooperation of the U.S. Office of Education.

The seminar is held in Puerto Rico so that the Spanish-speaking participants can observe the practical application of U.S. educational theory within a linguistic and cultural setting similar to their own. At the conclusion of the workshop the educators will fly to Washington, D.C., to begin a 2-week visit to the eastern region of the United States.

The countries to be represented at the seminar are Argentina, Chile, Costa Rica, Guatemala, Honduras, and Panama. The group will include several high-ranking administrators in the edu-

¹ For background, see BULLETIN of Nov. 28, 1960, p. 822, and Jan. 9, 1961, p. 42.

cational systems of the six countries. All of the participants will receive grants authorized under the Fulbright and Smith-Mundt Acts.

Food for Peace

MISSIONS TO VISIT LATIN AMERICA

White House press release dated February 8

President Kennedy announced on February 8 that George McGovern, Director of the Food-for-Peace Program, accompanied by Arthur Schlesinger, Jr., of the White House staff, would leave on February 13 for Argentina and Brazil to discuss with those governments matters of immediate interest in the Food-for-Peace Program.

Argentina is the largest exporter in Latin America of some of the products which the United States has in abundant supply, and the Food-for-Peace Program wishes to take the interests of such exporters into account in formulating its own programs. Brazil is the biggest consumer in Latin America of food products of both Argentina and the United States.

At the same time a mission at the technical level, headed by James Symington, Deputy Director, Food-for-Peace Program, and Stephen Raushenbush of the food-for-peace staff, will leave for discussions in most of the Latin American countries. They will be accompanied by experts from the Department of State, the Department of Agriculture, and the International Cooperation Administration. The purpose of this group will be to explore new ways in which the abundance of food and fiber can be brought to bear to meet the problems of improving nutrition in those countries and promoting economic development. At a later date Mr. McGovern will be ready to meet with officials of these governments to follow up opportunities that may be developed.

EDIBLE OILS TO BE DISTRIBUTED OVERSEAS

White House press release dated February 8

The White House announced on February 8 that under the Food-for-Peace Program edible vegetable oil will be made available to nonprofit voluntary agencies for distribution to needy people overseas. First purchases of oil will be made by

the Department of Agriculture for transfer to the voluntary agencies during March. Up to 100 million pounds of refined vegetable oils, including peanut oil, will be made available for this purpose during the calendar year 1961.

KENYA TO RECEIVE CORN

White House press release dated February 8

President Kennedy announced on February 8 that the United States is responding to an appeal of the Kenya Government for 9,000 tons of corn because of severe drought and prospective famine there this year.

Donations of food from our surplus stocks to meet emergencies such as those in Kenya and in the Congo, for which the President on January 25 announced a stepped-up program,¹ indicate an earnest determination to use this country's abundant supply of food for peace.

DEPARTURE OF FOOD SUPPLIES FOR CONGO

White House press release dated February 10

The White House announced on February 10 that a shipside ceremony would be held on February 12 at Pier 4, Locust Point, Baltimore and Ohio Terminal, Baltimore, Md., to mark the impending departure of the ship, *African Pilot*, carrying relief food supplies to the Congo.

Scheduled to participate in the ceremony are George McGovern, Special Assistant to the President and Director of the Food-for-Peace Program; Robert C. Tetro of the Foreign Agricultural Service; Herbert J. Waters, Special Assistant to the Director of the International Cooperation Administration; and Edgar G. Emrich, a farmer from Thurmont, Md.

The freighter will take on 700 tons of cornmeal at Baltimore, then proceed to Norfolk to take on 700 tons of rice before leaving for Africa. The shipment is part of a larger consignment of food supplies (10,000 tons of rice, 10,000 tons of cornmeal, 2,000 tons of nonfat dried milk) that the U.S. Government is providing through the United Nations to help avert famine in the Congo. The supplies are scheduled to be off-loaded at Matadi, which is a few miles up the Congo River, then

¹ For background, see BULLETIN of Feb. 13, 1961, p. 218.

transshipped by rail and river boat to Kasai Province for distribution among famine-stricken Baluba tribesmen. Earlier shipments to the Congo under the Food-for-Peace Program were scheduled for arrival there this week. The shipments are being made under title II of Public Law 480 and are being drawn from the abundant supplies that have accumulated in the United States.

Grain Sent to Libya To Relieve Shortages Created by Drought

Press release 46 dated February 2

The U.S. Government has made available 22,000 tons of grain to Libya for free distribution in the drought-stricken areas of that country. The grain was donated in response to a request from the Government of Libya.

The grant, comprising 17,000 tons of barley and 5,000 tons of wheat, is for the relief of needy persons in the Libyan provinces. Some of the grain will be used as livestock feed. A critical shortage of grain developed as a result of severe drought conditions which have prevailed for nearly 3 years.

The grain will be transferred by the International Cooperation Administration from the U.S. Government-owned surplus commodities stock.

Libyan Ambassador Dr. Mohieddine Fekini, on behalf of his Government, accepted the grant of food and feed, which was made under authority of title II, Public Law 480 (Agricultural Trade Development and Assistance Act).

During 1959 and 1960 other grants of feed and wheat amounting to 121,000 tons were made available to Libya to relieve shortages created by drought.

President Decides Not To Increase Restrictions on Twine Imports

White House press release dated February 6

The President announced on February 6 that he had accepted as the findings of the Tariff Commission in two cases involving binding twines and cordage and other twines the findings of the two

Commissioners who decided that the imposition of increased restrictions upon imports of the twines was not warranted under section 7, the escape-clause provision, of the Trade Agreements Extension Act.

The President's decision was taken after consultation with interested departments and agencies in the executive branch of the Government.

The two cases were submitted by the Tariff Commission on December 9, 1960. Two Commissioners participating in these cases recommended that the duty on hard fiber cords and twines be increased; two Commissioners recommended no increase; and two Commissioners did not participate. In cases where the Tariff Commission is equally divided the President is authorized to accept the findings of either group of Tariff Commissioners as the findings of the Commission.

Congressional Documents Relating to Foreign Policy

87th Congress, 1st Session

Study of Foreign Policy. Report to accompany S. Res. 41. S. Rept. 3. January 13, 1961. 3 pp.

United States Participation in International Atomic Energy Agency, 1959. Message from the President transmitting the third annual report. H. Doc. 45. January 12, 1961. 38 pp.

Report to Congress on the Mutual Security Program for the Fiscal Year 1960. H. Doc. 50. January 17, 1961. 117 pp.

Proposed Nomination of Adlai E. Stevenson as United States Representative to the United Nations. Hearings before the Senate Foreign Relations Committee. January 18, 1961. 33 pp.

Economic Report of the President. H. Doc. 28. January 18, 1961. 214 pp.

Nomination of Chester Bowles, Under Secretary of State-Designate. Hearing before the Senate Foreign Relations Committee. January 19, 1961. 56 pp.

Nomination of Murat W. Williams, George W. Ball, Roger W. Jones, and G. Mennen Williams. Hearing before the Senate Foreign Relations Committee on the nomination of Murat W. Williams as Ambassador to El Salvador, George W. Ball as Under Secretary of State for Economic Affairs, Roger W. Jones as Deputy Under Secretary of State for Administration, and G. Mennen Williams as Assistant Secretary of State for African Affairs. January 24, 1961. 101 pp.

Reception of Foreign Dignitaries. Report to accompany S. Res. 40. S. Rept. 7. January 26, 1961. 2 pp.

Study of U.S. Foreign Policy. Report to accompany S. Res. 41. S. Rept. 8. January 26, 1961. 2 pp.

The State of the Union. Address of President Kennedy before a joint session of the Senate and the House of Representatives. H. Doc. 73. January 30, 1961. 11 pp.

Developments In U.S. Foreign Trade During 1960

Statement by Eugene M. Braderman¹

The Committee on Trade has special significance for me. It has become like an old friend. I look forward to each of its meetings just as I look forward to renewing the friendships which I have made over the years of my participation in the work of this Committee and its predecessors.

Over the years I have seen this Committee become more and more meaningful and profitable for all of us. If any proof is needed there is no more eloquent testimony than the increasingly important commercial ties which have developed and become more firmly established among all the countries of the ECAFE region. We are indebted to the secretariat for attaching an annex to its letter of invitation listing all the meetings held to this date and the main subjects considered. That document underlines the fact that the work of this Committee has been varied. Yet its objective has been constant—to improve commercial relations and expand mutually profitable trade.

We are further indebted to the secretariat for its *Review of Developments in Trade and Trade Policies*. It is of the high quality which we have learned to expect from the secretariat.

We learn from the report that, with only two exceptions, all countries and territories of the region increased their export earnings in 1959 and 1960. Despite a rise in imports there was a

reduction in the deficit on merchandise account. The total gold and foreign exchange assets of most countries of the region rose, and several countries, in the words of the report, "increased their assets appreciably." We congratulate you and join with you in the hope that 1961 will see even greater achievements.

We would also hope that further progress would result in an acceleration of the much-welcomed steps taken last year to relax import restrictions. More particularly we are anticipating that 1961 will mark the end of discrimination against dollar imports.

Main Developments in Trade

I should like to review briefly the developments in U.S. foreign trade during 1960. The salient feature of our trade was the restoration once more of an excess of exports over imports large enough to contribute importantly to meeting our international commitments, including foreign economic aid. In 1959 our trade surplus had fallen to \$1.1 billion based on merchandise exports of \$16.3 billion and imports of \$15.2 billion. (By "billion" we mean 1,000 million.) I am happy to report that in 1960 we expect to record a trade surplus of about \$4.6 billion, arising mainly from an increase in exports to \$19.5 billion and only a slight decline in imports to \$14.9 billion. Total U.S. trade was at the highest level ever reached.

So much for our global trade situation. Now to the main developments in U.S. trade with countries in this region. Since our report to this Committee at its last meeting there has been a

¹ Made on Jan. 19 at the Fourth Meeting of the Committee on Trade of the U.N. Economic Commission for Asia and the Far East, which met at Bangkok, Thailand, Jan. 17-24. Mr. Braderman, who is Director of the Far Eastern Division, Bureau of Foreign Commerce, Department of Commerce, was U.S. representative at the meeting.

notable uptrend in our trade with regional members of ECAFE. While U.S. imports from most areas of the world remained either steady or declined moderately, imports from this region registered a sizable increase. Trade statistics for the first 9 months of 1960 indicate that U.S. imports from ECAFE countries for the year will reach a new high, exceeding even the record \$2.25 billion achieved in 1959.

And ECAFE countries, taken as a whole, have significantly improved their position in the U.S. market. Two years ago about 13 percent of our imports came from Asian countries. Although full-year data were unavailable when we left Washington, statistics for the first 9 months of 1960 suggested that the proportion had risen to almost 17 percent.

United States exports to the ECAFE countries last year substantially exceeded the 1959 level of \$2.26 billion. By the end of September 1960 our exports had already exceeded the 1959 total. The sharp rise in the flow of U.S. goods to this area last year is due to the larger foreign exchange availabilities of the countries of the region, which, as I have already noted, are reported in the secretariat paper, and to increased U.S. assistance.

All of us are deeply concerned about the trade policies which we, individually and collectively, pursue. My country continues to adhere to liberal trade policies. Even in this current period, when we have been running a balance-of-payments deficit, my Government has *not* resorted to large-scale measures to control and restrict imports from other countries. Similarly, we have not reduced our assistance programs because we recognize the importance these programs have had and will continue to have in assisting in the economic development of other countries and in raising standards of living. Nor, again, have we sought to restrict the travel of Americans abroad, a factor which has been of increasing importance to countries in this region in terms of foreign exchange earnings.

Export Expansion Program

In order to maintain these programs and our liberal trade policies, which means, in balance-of-payments terms, continuing to spend at high levels, we have had to seek ways of earning more. In this connection our Government has instituted

a national export expansion program.² It is aimed at enlarging U.S. exports, which we hope, in addition to easing our immediate problem, will also lead to increasingly higher levels of world trade, an objective which I know is favored by all of you.

The export expansion program is without doubt giving new impetus to our export trade. In concert with private industry the U.S. Department of Commerce and other Government agencies initiated a many-sided program to further this aim. In particular Government-industry committees were formed on both a national and regional basis to alert the business community to new overseas export opportunities and to Government facilities to help business sell goods abroad. The impact of these various measures is already being felt. We expect that the year 1961 will see a widening of the beneficial results of these measures and of the continuing increase in our trade.

All of you are aware that following World War II the United States initiated and continued, through the Marshall plan and other programs, an unprecedented series of moves calculated to help rebuild the war-devastated nations of Europe and Asia. During the years of rebuilding, the United States, through various means, placed dollars in the hands of other nations so that they might be able in the process of their rebuilding to buy the services and goods which, in the period immediately after the war, only the United States could provide.

We realized that these nations would need to increase their exports in order to eliminate their dependence on the United States and that this would involve competition with the United States in world markets. The initiative and drive of other nations, aided by our economic programs, had the desired results. The restoration and rebuilding of the European economies and that of Japan has been completed. These once war-devastated nations have now become fully competitive with the United States in world markets.

We in the United States recognize the continuing need for assistance to our friends in the earlier stages of economic development. It is our firm hope that the fully recovered and strong economies

² BULLETIN of Apr. 11, 1960, p. 560.

of Western Europe and Japan will share the responsibility of meeting those needs with us.

U.S. Balance-of-Payments Situation

The record surplus in our merchandise trade in 1960, to which I have already called your attention, is indeed encouraging. However, this surplus has not closed the gap in our international accounts which has been running a deficit of \$3 billion to \$4 billion annually and is currently estimated at an annual rate of \$3.7 billion.

This continuing deficit is due in no small measure to our desire to continue to provide assistance in the form of essential foodstuffs, raw materials, and capital goods to the developing countries in the ECAFE region and elsewhere. We do not wish to jeopardize our ability to fulfill our international economic programs, to continue as a strong partner in the future growth of the free world and contribute to the maintenance of our mutual security. To insure that we can continue to pursue these objectives a definite improvement in our balance-of-payments position is essential. And this need is urgent. For, as you know, U.S. currency serves a double purpose. The dollar not only meets our domestic needs, but it has also become an essential cornerstone in the international financial system of the free world.

Thus, while we are seeking additional earnings from exports and a sharing of the burden by those able to do so, corrective measures have been taken to bring these accounts into balance. Some of these steps have received much publicity and have been the subject of widespread discussion and some concern—concern that the United States is planning to withdraw from its international obligations and commitments. Let me reiterate that this is *not* the case.

We have taken a number of steps to reduce the imbalance in our external payments position. The major sacrifices have been imposed on our own citizens. We are cutting down on unnecessary expenditures abroad by the United States and, in certain instances and under certain circumstances, substituting in our economic and military aid programs American-made products for goods formerly purchased abroad, a practice normally followed by almost every other country. We have stepped up our efforts to obtain, at the earliest

possible time, the removal of trade barriers by other countries against American goods. Other measures taken include sponsorship of the International Development Association as an adjunct of the World Bank and leadership in the establishment of the Development Assistance Group, both of which have the same objective of getting the economically strong countries to share the aid burden with us. We have also put into effect an export-financing and guaranty program to encourage the export of U.S.-made goods.

Cooperating To Expand International Trade

We believe that all of us must work toward the common objective of a further expansion of international trade. We are convinced that this can best be achieved through the time-tested principles of the GATT [General Agreement on Tariffs and Trade]. The possibility of achieving our objectives will be enhanced if our work is closely coordinated with that multilateral trade organization. Those ECAFE members who participated in the recent meetings of the GATT, especially Committees II and III, know of the special emphasis being given to the trade of the less developed countries. My delegation is interested in the views of this Committee on their various trade problems. I assure you that these and any proposals and views expressed at this meeting will be given careful consideration by the new administration, which is almost at this very moment taking office in my country. The U.S. Government is constantly seeking ways and means of improving the trade prospects of the developing countries, and it is our hope that other governments, particularly those of Western Europe, will also continue to give priority to this very important matter.

We in the United States have noted a significant increase in the number of American businessmen visiting the ECAFE area and in the number of Asian businessmen who have been coming to our country with the objective of expanding commercial relations. Such face-to-face meetings will not only contribute to a better two-way understanding of existing problems and points of view but will undoubtedly stimulate the flow of trade and investment. Based on this conviction the U.S. Government has sought to facilitate these person-to-

person contacts through our trade missions program. In 1960 U.S. trade missions visited Afghanistan, Iran, Pakistan, the Philippines, and Japan. One is now visiting Ceylon and will soon arrive in Singapore and Malaya. Another will go to Japan this spring. These missions, as many of you know, are composed almost entirely of businessmen and are an example of cooperative Government-industry programs in our country.

The U.S. Government is also facilitating greater participation by U.S. business firms in trade fairs in the ECAFE region and elsewhere. The U.S. participated in many of the trade fairs held in the Asian area last year. Plans are now under way to broaden our participation in 1961 by not only exhibiting at regularly scheduled trade fairs and special events but also by holding "solo" exhibitions of U.S. products where no international trade fairs or exhibitions are scheduled. Included in our plans are exhibits in Afghanistan, Australia, Ceylon, Hong Kong, India, Japan, New Zealand, and Viet-Nam.

The secretariat paper to which I alluded earlier contains a section on tourism. This brings to mind that the 2-year study jointly made by the U.S. Government and the Pacific Area Travel Association is soon to be published. I am sure you all remember that the purpose of this study was to assist the countries of the region in the development of plans and programs for the promotion of tourism. The year 1960 was a "Visit the U.S.A. Year." We are pleased to note the emphasis which Far Eastern countries are placing on tourism by the launching in 1961 of a "Visit the Orient Year" program. We hope our success will be equaled or exceeded by the ECAFE region. I also hope that during 1961 you will be able to attract more American businessmen and further enhance the already important two-way commercial relations between the United States and the Far East.

In conclusion, on behalf of my delegation, let me assure you of our fullest cooperation in carrying forward the work of this important Committee. I am sure that I reflect the views of all of us when I say that only through a full and frank discussion of our problems, our experiences, our hopes, and our aspirations can we realize the vast potentials for an expansion of mutually profitable trade and commercial relations and in so doing enhance the well-being of all of us.

TREATY INFORMATION

Current Actions

MULTILATERAL

Agriculture

Convention on the Inter-American Institute of Agricultural Sciences. Done at Washington January 15, 1944. Entered into force November 30, 1944. 58 Stat. 1169. *Signature:* Paraguay, January 10, 1961.

Protocol of amendment to the convention on the Inter-American Institute of Agricultural Sciences of January 15, 1944 (58 Stat. 1169). Opened for signature at Washington December 1, 1958.¹ *Ratification deposited:* Venezuela, February 1, 1961. *Signature:* Paraguay, January 10, 1961.

Health

Constitution of the World Health Organization. Opened for signature at New York July 22, 1946. Entered into force April 7, 1948. TIAS 1808. *Acceptance deposited:* Chad, January 1, 1961.

Law of the Sea

Convention on the territorial sea and the contiguous zone. Done at Geneva April 29, 1958.¹ *Accession deposited:* Malaya, December 21, 1960.

Convention on the high seas. Done at Geneva April 29, 1958.¹ *Accession deposited:* Malaya, December 21, 1960.

Convention on fishing and conservation of the living resources of the high seas. Done at Geneva April 29, 1958.¹ *Accession deposited:* Malaya, December 21, 1960.

Convention on the continental shelf. Done at Geneva April 29, 1958.¹ *Accession deposited:* Malaya, December 21, 1960.

Shipping

International load line convention. Signed at London July 5, 1930. Entered into force January 1, 1933. 47 Stat. 2228. *Accession deposited:* Haiti, December 2, 1960.

Weather

Convention of the World Meteorological Organization. Done at Washington October 11, 1947. Entered into force March 23, 1950. TIAS 2052. *Accession deposited:* Chad, February 2, 1961.

BILATERAL

Afghanistan

Agreement amending the agreement of April 29 and May 29, 1954 (TIAS 3030), relating to duty-free entry and defrayment of inland transportation charges on relief supplies and packages to Afghanistan. Effected by exchange of notes at Kabul December 27, 1960, and January 12, 1961. Entered into force January 12, 1961.

¹ Not in force.

Brazil

Agreement extending the agreement of October 14, 1950, as amended and extended (TIAS 2475, 3055, 3292, and 4584), relating to a cooperative vocational education program. Effected by exchange of notes at Rio de Janeiro December 31, 1960. Entered into force December 31, 1960.

Agreement extending the special services program agreement of May 30, 1953. Effected by exchange of notes at Rio de Janeiro December 31, 1960. Entered into force provisionally December 31, 1960. Enters into force definitely on the date the United States is notified that the agreement has been ratified.

Chile

Agricultural commodities agreement under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 455; 7 U.S.C. 1701-1709), with memorandum of understanding and exchange of notes. Signed at Santiago November 8, 1960. Entered into force November 8, 1960.

China

Agreement for the loan of an additional naval vessel to China. Effected by exchange of notes at Taipei January 18, 1961. Entered into force January 18, 1961.

Honduras

Agreement terminating, beginning February 28, 1961, articles I, II, IV, and V, together with references to article V contained in article XVI, of the reciprocal trade agreement of December 18, 1935 (49 Stat. 3851). Effected by exchange of notes at Tegucigalpa January 18, 1961. Entered into force January 18, 1961.

Hong Kong

Parcel post agreement and detailed regulations. Signed at Hong Kong January 18 and at Washington February 2, 1961. Enters into force on a date to be determined by mutual agreement.

Italy

Agreement amending and extending the agreement of June 28, 1954, as amended (TIAS 3150 and 4392), for a technical cooperation program for the Trust Territory of Somaliland under Italian administration. Effected by exchange of notes at Rome June 30, 1960. Entered into force June 30, 1960.

Pakistan

Treaty of friendship and commerce. Signed at Washington November 12, 1959. Entered into force February 12, 1961.

Proclaimed by the President: February 1, 1961.

United Arab Republic

Agreement supplementing the agricultural commodities agreement of August 1, 1960 (TIAS 4542). Effected by exchange of notes at Cairo January 16, 1961. Entered into force January 16, 1961.

United Kingdom

Agreement providing for the establishment and operation of space-vehicle tracking and communications stations in the United Kingdom. Effected by exchange of notes at London January 20, 1961. Entered into force January 20, 1961.

DEPARTMENT AND FOREIGN SERVICE

Designations

A. Guy Hope as Director and James N. Cortada as Deputy Director, Office of Near Eastern and South Asian Regional Affairs, effective February 5.

Confirmations

The Senate on February 6 confirmed the following nominations:

Maurice M. Bernbaum to be Ambassador to Ecuador.

W. Wendell Blancke to be Ambassador to the Republic of the Congo and to serve concurrently and without additional compensation as Ambassador to the Republic of Chad, the Central African Republic, and the Gabon Republic.

Abram Chayes to be Legal Adviser of the Department of State. (For biographic details, see Department of State press release 56 dated February 9.)

Frank M. Coffin to be Managing Director of the Development Loan Fund. (For biographic details, see White House press release dated January 25.)

W. Averell Harriman to be Ambassador at Large. (For biographic details, see Department of State press release 67 dated February 13.)

Philip M. Klutznick to be a representative of the United States on the Economic and Social Council of the United Nations. (For biographic details, see Department of State press release 60 dated February 10.)

Joseph Palmer 2d to be Ambassador to the Federation of Nigeria.

R. Borden Reams to be Ambassador to the Republic of Ivory Coast and to serve concurrently and without additional compensation as Ambassador to the Republic of Dahomey and the Republic of Niger.

Francis H. Russell to be Ambassador to the Republic of Ghana.

Henry S. Villard to be Ambassador to the Republic of Senegal and to serve concurrently and without additional compensation as Ambassador to the Islamic Republic of Mauritania.

Thomas K. Wright to be Ambassador to the Republic of Mali.

Appointments

Roger Hilsman as Director, Bureau of Intelligence and Research, effective February 6. (For biographic details, see Department of State press release 53 dated February 7.)

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Check List of Department of State Press Releases: February 6-12

Press releases may be obtained from the Office of News, Department of State, Washington 25, D.C.

Release issued prior to February 6 which appears in this issue of the BULLETIN is No. 46 dated February 2.

No.	Date	Subject
*53	2/7	Hillsman appointed Director, Bureau of Intelligence and Research (biographic details).
*54	2/7	Cultural exchange (Bulgaria).
*55	2/8	Waters appointed Special Assistant to Director of International Cooperation Administration (biographic details).
*56	2/9	Chayes sworn in as Legal Adviser (biographic details).
57	2/6	Rusk: news conference.
†58	2/6	Consulate at Aruba closed.
*59	2/9	Burgess resigns as U.S. Representative to NATO and European Regional Organizations.
*60	2/10	Klutznick sworn in as U.S. Representative in the U.N. Economic and Social Council (biographic details).
†61	2/10	Berle: World Affairs Council, Los Angeles, Calif.
62	2/10	Latin American educators hold seminar in Puerto Rico.
63	2/10	Rusk: interview on Dave Garroway "Today" show.
64	2/10	Williams: trip to Africa (rewrite).
*65	2/10	Wiens appointed ICA representative in the Congo (biographic details).

* Not printed.

† Held for a later issue of the BULLETIN.

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